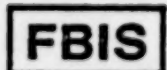


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USSR Report

WORLD ECONOMY AND INTERNATIONAL RELATIONS



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28 JULY 1986

USSR REPORT

WORLD ECONOMY AND INTERNATIONAL RELATIONS

No 4, April 1986

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ENGLISH SUMMARY OF MAJOR ARTICLES

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 4, Apr 85
(signed to press 19 Mar 86) pp 158-159

[Text] The editorial "To Live and Act According to Lenin".

The focal topic of the article "The Horizons of the Scientific and Technological Progress within the Cooperation of the Socialist Community" by Yu. Shiryaev is the strategic course to reinforce the technological advance which gained the thorough substantiation at the 27th Congress of the CPSU. The tasks of the crucial modernization of the socialist economy in the Comecon countries should be tackled on the basis of the collectivist approach. The long history of national and international economic development, the accumulated experience give evidence to the fact that the most difficult problems are solved faster and more efficient on the grounds of joint efforts. That's why the Complex Program of the scientific and technological progress of the Comecon countries adopted in December 1985 has won unanimous support and approval. The realization of this Program is targeted to bring the socialist countries to the front edge of the modern science and technology, to provide for the high-technology production. The five distinguished priorities of the technological progress are expected to give impetus to qualitative shifts in the socialist economy. The revolutionary restructuring urges new approaches to the very notion of the economic growth, the new assessment of the role of the international economic relations. The author stresses the importance of the new mechanism of the international economic cooperation, the need to heighten the level of economic interaction, to deepen the international division of labour. The reinforced pace of the technological progress is to create beneficial conditions for the peaceful economic development, for the further harmonization of the economic cooperation of the Comecon countries whereas in the capitalist world the technological factor spurs up militarization and brings about the international economic asymmetry.

During the recent decades the importance of the World ocean in the military strategic contest has increased drastically. There have been accumulated huge amounts of the superpowerful nuclear missiles in the immediate readiness to be employed. The oceanic spaces are regarded by the imperialist states as the most efficient sphere to use force in order to pursue the policy of the direct military interference into the internal affairs of the sovereign countries, to exert political pressure by various techniques namely performing the course of intimidation, demonstration of flag, military presence in the offshore waters, etc. B. Balev in the article "The Military Political Strategy of Imperialism in

the World Ocean" outlines that the imperialist strategy in the World ocean is now carrying on the notorious "gunboat diplomacy", often going beyond the goals of the solution of the purely maritime problems, contradictions and conflicts. By now this strategy appears to be of really global dimensions reflecting the evident strive to achieve the global supremacy. The author points to the fact that the very nature and strategic performance of the modern naval arms which have been radically changed both in quality and in the systems of control, have contributed to the exacerbation of the military situation in the World ocean, have made this situation tense, threatening, menacing to the world peace and international security. The author features the nowadays strategic naval missiles operational with the U.S. Navy, describes the system of naval bases, the power and combat performance of the U.S. aircraft carriers. The particular attention is paid to the political aspects of the U.S. military forces employment as a means of the foreign policy. The author emphasizes that the power of the USSR Navy is the principal force aimed to stop the aggressive moves of imperialism, serving the goals of the peaceloving policy, targeted to provide for the stable peace and international security. In the conclusion the practical steps to reach the international agreements providing for the efficient protection of peace and the elimination of the war threat are considered.

Technological restructuring poses the new tasks for the working class and its organized struggle for the economic and political progress. It is stated in the article "Technology Shifts and the Working Class in the Developed Capitalist Countries" by A. Galkin that the social implications of the current industrial reshaping are quite unprecedented. The most evident problem facing the organized labour is that of persistent and even growing unemployment. The introduction of the labour-saving technology is the economic imperative in order to ensure the required level of the international competitiveness. The author analyses in detail a number of dangers and social problems that arise on such path of technological change that engenders the excess of labour alongside with its deficiency. The labour organizations are to seek ways to offset the negative developments of this structural unemployment striving for the fair distribution of the working places. The repercussions of the discrepancies between the so called "sunset" and "sunrise" industries are examined in the light of the actual goals of the labour movement, noting that the industrial differentiation of labour is added up to the increasing regional differentiation of the working class to the detriment of those who work in the regions of traditional industries. Moreover the accelerated mobility of the professional structure has changed the very concept of the worker's qualification. By now the accumulated experience is less valuable giving way to the aptitude to quickly adjust to the highly dynamic production needs. The author concludes with the comments that in order to meet the challenges of the technological reshaping the working class must struggle for the economic and political consolidation of the various detachments of the workers' movement.

N. Shmelyev in "The U.S.A. in the World Capitalist Economy" portrays the macroeconomic performance of the U.S. in the highly internationalized environment. His main premise is that today economic and technological independence presumes the high degree of the economic interdependence. The existing asymmetry in the international capitalist division of labour is very advantageous primarily for the economies of scale. The U.S. enjoys the privileges of the increasing interdependence. The given evidence proves these findings of the author both in

quantity and in quality as far as the traditional trade and export of capital are concerned. The author marks the aggressiveness of the U.S.A. who managed to regain some strength after being challenged by its main competitors in the 70's. Losing grounds in traditional commodities on the world capitalist markets the U.S. are quite solid on the market place of the high-tech goods. The assessment of the U.S. trade deficit deserved thus a biased approach weighing equally the negative trends and the positive contributions. It is stated that mounting imports were used to satisfy the less important domestic needs. They were quite helpful to spur up the declining industries in the sectors of traditional production. Furthermore imports have helped to curb inflation. In other words the U.S.A. has recovered from its relative economic retreat of the 70's using aggressively the international division of labour, launching a real offensive on its principal rivals. This offensive was extremely evident in the monetary and financial fields. The tools of policy manipulation become the means aimed at the resolving of the imminent economic contradictions which are unavoidable in the world capitalist system.

The article "New Stage of the Scientific and Technological Revolution and the Developing Countries" by N. Karagodin and N. Markov is dedicated to the analysis of the new advancement of science and technology, its consequences for the developing states. The authors consider the advantages of technical innovations that bring about the new opportunities for the economic growth. They also highlight the difficulties arising in this connection. Special emphasis is put on the influence of the technological change on the developing countries status in the international division of labour. There are numerous facts and abundant data supporting the authors' findings about the developing countries achievements in the field of science and technology. The problem of the technological progress impact on the cultural and social development of the liberated states which is still lacking due examination, is also under their study. The issues of the technological dependence of the developing countries are outlined. The policy of the imperialist states and the strategy of the TNCs are regarded in this context. The practical moves and the actual successes of the developing countries are observed and evaluated. Scientific and technological cooperation with the socialist states is described as the real alternative to the policy of "technological neocolonialism" of the imperialist powers.

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EDITORIAL ON CPSU PROGRAM: DOMESTIC, FOREIGN POLICY

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 4, Apr 86
(signed to press 19 Mar 86) pp 3-15

[Editorial: "Live Like Lenin, Act Like Lenin"]

[Text] The 27th CPSU Congress belongs among the political events whose significance history reveals at once, without the need for a particular lapse of time. There was no in any way substantial force, organization or figure in the world which did not await with strained attention the congress as it was being prepared, which did not follow its progress most carefully when it was at work and which has not analyzed and evaluated in one way or another the specific actions which have followed in fulfillment of its designs. The reason for the highest forum of Soviet communists' unique capability of closely attracting the thoughts of the most diverse people, including those who are in terms of world outlook very far from having a liking for our country and communism and socialism, is the scale of the problems the former have been set, which affect directly or indirectly the fundamental, vital destiny of mankind.

It is not characteristic of the Lenin Party to evade the challenge of the times, however difficult. Under the leadership of its brilliant leader it accomplished the greatest revolution, which did away with exploitation and oppression forever. The party organized the repulse of the internal counterrevolution and foreign intervention in the civil war years. It put forward a plan for the building of socialism in our country and headed the actual erection of the edifice of the new society. It raised our people to the battle against fascism, which was unprecedented in terms of brutality and sacrifice, creating the decisive prerequisites for the salvation of world civilization from the threat of annihilation and mankind itself from enslavement, degeneration and barbarism.

In our day, when the real threat of the destruction of everything living on earth looms and when in the West distraught lamentation is heard increasingly often to the effect that there is now no force, no party which itself knows and is pointing out to others the sure path toward the salvation of mankind, Moscow has said firmly: "There is such a party!" It was this response heard from the Kremlin which puts the 27th CPSU Congress at the center of world politics and firmly establishes it in the hearts and minds of all peoples and all people in the world.

I

The congress substantiated and adopted a course toward acceleration of the country's socioeconomic development as a most important task in the sphere of the domestic life of Soviet society. This slogan, which was formulated for the first time by the party Central Committee April (1985) Plenum, became a part of the new version of the CPSU Program and other congress documents. They note the urgent need by way of decisive measures to put an end to the delay that has arisen in the reorientation of the economy from extensive factors of growth, which have practically exhausted themselves, to intensive factors, to overcome a number of negative trends which arose mainly in this soil on the eve and at the outset of the 1980's and thus make room for qualitatively new transformations throughout the economy.

A strictly weighed and balanced approach is particularly necessary in an evaluation of the current complex situation in the economy. Western propaganda, which is hostile to the USSR and which is accustomed to stereotypically predicting "failures" of the Soviet economy, has on this occasion also availed itself of the criticism and self-criticism in the USSR to raise a racket concerning the "dysfunctionality of the economic model of socialism" and the "profound crisis" which has allegedly encompassed the economy of the USSR and other socialist countries.

In reality there is no nor has there been any "crisis of the Soviet economy," of course. The summation at the congress of the 11th Five-Year Plan showed that even under the highly unfavorable conditions, created, incidentally, under the influence of the international situation also, when the USSR was forced to make certain efforts in connection with the arms race, which had been stepped up by imperialism, the country's economic potential grew substantially. National income had risen 17 percent in 1985 compared with 1980, and the industrial product had risen 20 percent, which the developed capitalist states had been incapable of achieving in this period. The Energy Program was fulfilled successfully. The USSR, which firmly occupies (again in defiance of all Western forecasts concerning the "winding down" of the Soviet oil industry) first place in the world in oil production, moved into first place in the 11th Five-Year Plan in gas production also. The total length of the main trunk gas pipelines and the branches from them built in the 5-year plan constituted a tremendous value--48,000 km. And all this despite the imperialist sabotage by means of trade embargoes, perfidious breaches of contracts, Washington's blackmail of its partners and so forth.

In connection with the unfavorable weather conditions agriculture experienced difficulties practically throughout the 5-year plan. But even its product grew 6 percent. The work of transport encountered big difficulties, but it also improved markedly in the last 2 years, and freight turnover increased 15 percent in absolute terms in the 5-year plan. It should be added that the past 5-year plan was marked by the opening of operational traffic on the Baykal-Amur Main Railroad, which is of great significance for the development of the very rich interior of Siberia and the Far East. There was an unswerving increase in foreign trade turnover; economic relations with the CEMA countries expanded; and trade with the majority of capitalist partners took a step forward.

All these are major achievements, of which our party could be rightly proud. But, true to revolutionary tradition, it prefers to concentrate attention Lenin-style on the unaccomplished tasks of communist building.

It is necessary first of all to emphatically renounce outdated methods of management unsuitable for intensive development with an orientation toward predominantly qualitative parameters and the rapid and universal introduction of the achievements of S&T progress. The need for such a change was recognized comparatively long since, but, for a number of reasons, transition to its practical realization dragged on.

Yet the situation in the economy did not permit continued reconciliation with slowness, vacillation and insufficient promptitude in this matter. Delay in the introduction of new equipment and technology and the assimilation in production of S&T achievements impeded labor productivity growth. Given the reduction in the influx of manpower, this brought about a slowing of the overall growth rate. Extravagance in the use of raw material and energy resources led to big material losses. The scattered nature of capital investments lowered the efficiency of the latter. The disregard for product quality caused the appearance of batches of commodities which failed to correspond to modern requirements. A discrepancy between effective demand and its provision with goods and services arose. Difficulties in providing the public with individual types of agricultural products made themselves known.

In other words, there was an urgent need in the economy for an abrupt turnabout. Precisely thus, with all seriousness and bluntness, did the party raise the question at the Central Committee April Plenum. Its appeal was taken up enthusiastically by the whole Soviet people. It may be claimed with confidence that a relatively short period, less than a year--from the time of the plenum up to the 27th congress--will occupy a particular place in the history of the land of soviets. This was a period of truly revolutionary suffusion with events, the exceptional and varied assertiveness of the masses, search for and ascertainment of hidden potential and unsparing critical attacks on each and every shortcoming and oversight. Not only the planning authorities and departments and research institutes but also the labor collectives and all Soviet people, who showed in practice that they are and wish to be zealous proprietors of their land, involved themselves in the ascertainment of hidden resources of economic development.

The pregress documents: the draft new version of the party program, the changes in its rules and the guidelines of the country's economic and social development imparted tremendous additional stimulus to the creative discussion, which encompassed all of society. For example, at the time of their discussion several tens of thousands of proposals aimed at an improvement in the economy and its structure and the organization of management and planning were submitted in Moscow alone. Many of them came to be implemented in the course of the socialist competition dedicated to the congress. The results which were obtained, although unable to compensate fully for the nonfulfillment of the plan, nonetheless adjusted the end results appreciably and, what is most important, ascertained the arterial directions of the movement aimed at the practical embodiment of the new economic strategy.

The CPSU Central Committee Political Report delivered by M.S. Gorbachev expressed the will of the entire Soviet people to the realization of the urgent changes and accumulated and collated the colossal number of specific ideas, thoughts and critical remarks expressed by the communists and millions of Soviet citizens. As a result the congress formulated an integral concept of socioeconomic acceleration and determined its most important spheres and criteria. As the Political Report pointed out, this is primarily "an increase in the economic growth rate. But not only. Its essence is a new quality of growth: the utmost intensification of production based on S&T progress, the structural rebuilding of the economy and efficient forms of the management, organization and stimulation of labor."

Guided by the new aim and relying on the actual factors of progressive movement revealed by the rapidly unfolded energy of the masses, the congress formulated in the Guidelines of the USSR's Economic and Social Development in 1986-1990 and the Period Ending the Year 2000 and proposed to the country a realistic, albeit taut, program of economic and social development. By the end of the century the country's production potential is to have doubled, national income will have almost doubled, labor productivity will have increased by a factor of 2.3-2.5 and the power consumption of national income will have declined by a factor of 1.4 and metal consumption by a factor of almost 2. Within this framework the 12th Five-Year Plan constitutes a stage in the course of which it is necessary to accumulate the most important prerequisites for the subsequent quantitative and qualitative surge of the Soviet economy.

In order to accomplish a profound reconstruction of the productive forces based on the achievements of the S&T revolution it is contemplated changing investment policy and promoting an influx of resources where they will have the most rapid and substantial results. The center of attention is shifting from quantitative to qualitative indicators and from interim to end results; instead of a buildup of fuel-raw material resources, the task that is being set is one of their economical use; the accelerated development of the science-intensive sectors, an increase in the practical production returns from science itself and the expansion and reequipping of the infrastructure of the economy are essential.

While strengthening planning levers in the economy and adopting a policy of an integral system of centralized management, the congress made the cornerstone the greater independence of the economic units--enterprises and associations; the elimination of superfluous managerial tiers in industry, transport and the services sphere is envisaged. Leading significance is attached in agriculture to uniform authorities of management of the agro-industrial complex. Scope is being afforded on the kolkhozes and sovkhozes for economic methods of management and the conditions are being created for the use of various forms of collective contract. In all sectors of the economy pay must stimulate socialist enterprise to the utmost.

Commenting on the 27th CPSU Congress, part of the conservative bourgeois press of the United States and West Europe is writing about its "disappointment" in connection with the fact that the Soviet leadership, while undertaking a rebuilding of the economy, has not proceeded along the path of creation of a "free market". Truly wishful thinking! Bourgeois ideologists dream of the capitalist degeneration of socialism in the USSR and the other fraternal countries.

It is perfectly natural that these chronic dreams have flopped again. The congress set the task of an improvement in the socialist--precisely socialist--system of management and by no means its breakup according to capitalist prescriptions and models. Incidentally, as far as the "market" is concerned, the adopted decisions provide for the fuller and more active use of commodity-money relations and the law of value in proper combination with the centralized principle--within the framework of the socialist economy and in the interests of a strengthening thereof.

It is well known to what consequences the introduction of achievements of the S&T revolution--automation, robotization, electronization--is leading capitalist production. It has hoisted to the surface multimillion-strong masses of "structurally" unemployed people, that is, those who cannot find an application for themselves not only at the time of cyclical recessions but in periods of upturn also. On the other hand, the attempts at state-monopoly regulation of economic processes, while not having eased the press of unemployment anywhere, have "presented" the capitalist countries with a swelling of the bureaucracy in the form of every conceivable kind of "managerial Leviathan" and "anonymous machinery of power".

At the basis of the policy adopted by the 27th congress is Soviet man with his growing requirements, needs and rich and diverse interests. Economic upsurge in the USSR presupposes an adequate growth of the quality of life. It is natural, therefore, that the party has put on a par with the solution of economic questions tasks of social policy, having outlined just as abrupt changes in the sphere of social relations as in the economy.

II

Concern for public welfare and a rise in Soviet people's spiritual and material living standard has always been at the center of the CPSU's attention. It is here that the humanistic nature of the socialist system and its fundamental superiority to capitalism are most precisely and graphically expressed.

Even under the difficult conditions of the past 5-year plan, when a number of planned frontiers in economic development were not reached, the 5-year plan target pertaining to a rise in the average monthly wage of workers and employees (13 percent compared with 1980 against the planned 13-16 percent) was met and the target pertaining to an increase in the average monthly wage of kolkhoz members (29 percent instead of the planned 20-22 percent) and the social consumption funds (25 percent compared with the planned 20 percent) and the commissioning of apartment houses (552 million square meters instead of the anticipated 530-540 million square meters) was overfulfilled. There was a considerable improvement in pensions and health protection, assistance to families with children was extended, an appreciable improvement in the system of education took shape and the implementation of school reform began. This is fundamentally different from the situation in the leading capitalist states, where, despite the higher level of per capita national income than in the USSR, it is precisely in recent years that social programs have been ruthlessly dismantled, the number of destitute has grown and the phenomenon of the "new poor"--the pauperization of significant strata of the population which only recently were considered well-to-do--has appeared.

The further growth of the people's well-being is the party's general aim enshrined in the new version of its program. According to the guidelines of economic and social development confirmed by the congress, it is planned doubling in the coming 15 years the volume of resources channeled into an improvement in living conditions and raising per capita real income by a factor of 1.6-1.8. The scale of housing construction will increase and housing will be modernized continuously. Realization of a comprehensive program for the development of consumer goods production and the services sphere is envisaged. A reform of the general and vocational schools, which is extraordinarily important for solution of problems of intensification of the economy, is scheduled, which will permit a fundamental improvement in the preparation of young people for independent life and work; higher and secondary specialized education and the system of the training and use of specialists and the improvement and retraining of workers and specialists will be reorganized simultaneously.

The congress outlined cardinal measures aimed at an improvement in health protection, the development of mass physical culture and sport and tourism and a broadening of the opportunities for spending leisure time meaningfully. As the pregress discussions and the speeches of many delegates at the congress itself showed, there is tremendous potential in these spheres. Business managers have at times short-sightedly attempted to "economize" on facilities of the socio-cultural sector. A persevering struggle against such a chronic vice as drunkenness has not been conducted and due attention has not been paid to the organization of the healthful leisure time of the workers and employees. Following the April Plenum a campaign of uncompromising opposition to the fallacious practice was developed and measures were adopted to bring due order to bear in all these directions.

The congress posed in all magnitude the task of the protection of nature and the rational use of resources. In the USSR the environment has been polluted to a far lesser extent than in the majority of capitalist countries. However, the problem of its protection is becoming increasingly urgent for our country also. The Soviet public is seeking persistently, for example, additional safeguards preventing pollution of the waters of Lake Baykal by industrial effluent. The party and government are taking into consideration most attentively the warning signals of scientists, writers and ordinary citizens and outlining practicable measures pertaining to the implementation of nature-conservation measures, by means of the introduction of resource-saving technology included.

Man's exploitation of man does not exist and there are no antagonistic classes and strata in the Soviet Union. The working class, which has the vanguard social role, kolkhoz peasantry and people's intelligentsia are united by a fundamental community of interests. The task is to continue to unite their alliance, as, equally, to tirelessly strengthen the fraternal friendship of our country's nations and nationalities and raise all citizens in a spirit of Soviet patriotism and internationalism.

At the same time the absence in the socialist society of inequality in respect of the means of production--the main source of social injustice--does not signify the automatic realization under optimum conditions of the "From each according to his capabilities, to each according to his labor" principle. Studies have shown

that wage-leveling trends leading in a direction away from undeviating observance of the payment according to labor principle are still very prevalent here. They often reduce the efficiency of the material stimulation of production activity. On the other hand, there are numerous instances of unearned income, unearned cash and illegal benefits being obtained by various means. All this prepares the soil for privileges which are inadmissible under the conditions of socialism and which strike a palpable blow at the principle of social justice.

Taking into consideration the numerous specific proposals of party members and all Soviet people concerning a decisive improvement in the situation concerning material incentive and the need for due order to be brought to bear here, the congress adopted a policy aimed at the consistent affirmation of social justice and for this purpose elaborated and adopted a number of practical instructions.

The further development of social relations in Soviet society, the congress emphasized, should lead to the maximum enterprise of all classes and strata and all organizations and ordinary citizens. "Generally speaking," the CPSU Central Committee Political Report observed, "the question is such: if we cannot raise to a new, incomparably higher level production and economic competition and competitiveness in the sphere of science and artistic creativity, we will not be able to tackle the tasks of an acceleration of the country's socioeconomic progress." Thus the improvement of social relations and the universal and complete establishment of the socialist way of life will create a most important prerequisite for the scheduled fundamental changes and reforms in the economic sphere. In turn, the perfection of socio-class and also national relations presupposes changes adequate in terms of scale and focus in the political superstructure of Soviet society and in the sphere of the people's socialist self-management.

III

The Political Report emphasizes that an acceleration of society's development is inconceivable and impossible without the continued development of socialist democracy and all its aspects and manifestations. The socialist system develops successfully given that the people themselves actually control matters. The participation of millions in the preparation and adoption of decisions and their realization is the working people's self-management constituting the essence of Soviet power. Currently, as the April Plenum pointed out, there is an urgent need for a significant new extension of socialist democratism precisely in this, Leninist, understanding thereof.

It is important to stimulate the functioning and enhance the efficiency of all institutions of socialist democracy, primarily the system of the soviets. The soviets--the most representative organs of the power of the people--have earned the complete trust of the citizens of our country and are, as a whole, up to the new tasks. However, they sometimes lack professionalism and consistency in their approach to acute problems. The hampering and distorting influence of manifestations of departmental and local preferences and a passion for a formal approach and paper shuffling was reflected in certain instances. The party demanded and has achieved a change by soviets of all levels toward an improvement in work in the business of satisfaction of the day-to-day requirements and needs of the population, the institution of order and discipline and the establishment of

precise supervision of lower levels. The activity of the unions, Komsomol, creative unions and voluntary societies and women's organizations in running the affairs of the state and society was stimulated simultaneously. The party attaches particular significance to the use of all forms of direct democracy, primarily in the labor collectives. Attention has been called to the expediency of an improvement in nationwide discussion of and voting on major questions of the country's life.

The need for the constant strengthening of the legal basis of state and social life, the strictest observance of the laws and the prevention of violations of the rights of Soviet man was noted at the congress, just as at the meetings and conferences which preceded it.

It is significant that the pregress discussions, which were held throughout the country in an atmosphere of the fullest openness and exhaustive notification of the public about the affairs of the state and business authorities, departments and enterprises, made it possible to reveal big hidden potential in their work. On this basis the congress formulated precise and constructive recommendations pertaining to the further adjustment of the entire mechanism of Soviet statehood and social life.

Central significance currently is attached to the questions of urgent changes in the CPSU's domestic policy discussed in connection with the adoption of the new version of the program and the changes in the CPSU Rules. The party is the guiding and directing force of Soviet society and the mind, wisdom and conscience of our era. The discussion of the party documents confirmed the complete approval by the communists and the entire Soviet people of the party's program goals and its current economic and political strategy. The party's directions aimed at an improvement in intraparty life and the style and methods of work have evoked a positive response from Soviet people.

The meaningful discussion which was held in the pregress period demonstrated the CPSU's Leninist boldness in presentation to the whole people of most acute problems and raised even higher the authority and influence of the party and its leading role in soviet society. The communists and all Soviet people have noted with satisfaction that the 27th congress deemed it necessary, largely with regard for the proposals made in the course of the discussion, to make a number of essential additions and amplifications to the party rules aimed at an increase in the vanguard role of the communists and the efficiency of the primary organizations, the development of intraparty democracy and constant supervision of the activity of each party organization and each party official. The measures adopted by the Central Committee aimed at the strictest observance of the moral standards of communists' behavior formulated by V.I. Lenin and the work performed by the party and state leadership on the eve of the congress and following it for the better organization, assignment and training of the personnel have evoked general approval.

All this has created an exceptionally favorable political climate, which is so necessary for the accomplishment of profound transformations. It may in all fairness be asserted that in less than a year there has been the qualitative growth of the political consciousness and political culture of the citizens in Soviet society so necessary for a sharp acceleration of our development and the arrival at new historical horizons.

IV

"Socialism would not be performing its historical mission were it not heading the struggle to spare mankind the burden of military alerts and violence. The main aim of Soviet policy is a secure and just world for all peoples." These words from M.S. Gorbachev's speech at the closing of the congress expressed as precisely as could be the main content of our party's international strategy. The main goals and directions of the CPSU's foreign policy were reflected in the new version of its program, the Political Report and the resolution adopted thereon, in the delegates' speeches and in other material of the congress. The congress orients the party toward the further unswerving pursuit of the Leninist policy of peaceful coexistence and demonstrates continuity with the decisions of the preceding forums of the CPSU in the foreign policy sphere.

At the same time the congress documents qualitatively develop and deepen the Soviet concept of the safeguarding of peace and all-embracing security in respect of the modern era. The congress comprehensively analyzed all factors of world development and drew on this basis conclusions of paramount theoretical and practical significance. The international community cannot fail to recognize today that the strategy of peace formulated in Moscow corresponds to the fundamental aspirations and interests of all mankind and all peoples of the world.

An in-depth analysis of the new objective realities which have taken shape in the nuclear age on the international scene was made. Their totality is such that in the CPSU's estimation there is no alternative to struggle for lasting peace and security and the solution of contentious problems solely by peaceful means.

The approximate military-strategic equality with the United States and NATO, which the USSR and the Warsaw Pact have been able to secure thanks to strenuous efforts, is today a most important guarantee of international security. If socialism had not achieved parity and if imperialism, to which it aspires, had been able to do away with it and reach a position of decisive strategic preponderance, the entire political situation in the world would be subject to destabilization with the inevitable prospect of a general military explosion. However, under current conditions maintaining the military-strategic balance must be combined with measures to limit and wind down arms and lower the level of balance itself. Otherwise the stockpiles of technically increasingly sophisticated and, consequently, increasingly dangerous arms could catch fire of their own accord--as a result of accidents, unsanctioned actions or other circumstances which are not susceptible to control and foresight.

"The nature of modern weapons," the congress resolution on the Political Report says, "affords no state a hope of defending itself merely by military-technical means and the creation even of the most powerful defenses inasmuch as it is no longer just nuclear war itself but an arms race also which cannot be won. Its continuation on earth and, even more, its spread to space will accelerate the already critically high rate of stockpiling and sophistication of nuclear and other types of weapons, as a result of which even parity will cease to be a factor of military-political restraint."

Whence ensues as a historical imperative the need for a reduction in arms, primarily the liquidation of nuclear, chemical and other types of weapons of mass annihilation, the erection of a barrier in the way of the improvement of arms and the development of new types thereof and a ban on the spread of the arms race to spheres where it is not currently under way, space particularly. Taking this conclusion as a basis, the congress determined as the central direction of foreign policy in the coming years struggle for realization of the program put forward in the CPSU Central Committee general secretary's statement of 15 January 1986 of the destruction of weapons of mass extermination and prevention of the military danger.

According to the plan formulated by the USSR, in the 15-year period mankind is to be freed from nuclear arms completely. In the event of realization of the Soviet proposal, the earth's population would greet the 21st century without fear of annihilation. A number of specific projects incorporated in the Soviet program could be implemented immediately, which would consolidate the security of all and permit a relaxation of tension. The USSR is prepared on a reciprocal basis to ban or limit any type of weapon, with effective supervision, including, if need be, on-site inspection. A halt to nuclear tests would shackle the buildup and improvement of nuclear potentials and make the development of space-based weapons more difficult. There is every opportunity on the basis of the new Soviet proposals for achieving the elimination of the Soviet and American intermediate-range missiles in Europe with the simultaneous removal of the Soviet increased-range tactical missiles deployed in the GDR and the CSSR in response to the deployment of the American Pershing 2's and cruise missiles in West European countries. The conclusion of an agreement on the complete banning and liquidation of chemical weapons given the implementation of all measures of control, including that established at the enterprises producing these weapons, is perfectly feasible.

Soviet military doctrine also corresponds in full to the peace initiatives put forward by the Soviet Union. Its thrust is unequivocally defensive. The Soviet Armed Forces are now organized and will be developed subsequently only within parameters which give no one reason to fear for his security. In turn, the Soviet Union and the other socialist countries would like to be delivered from the sense of threat looming over them. It is a fact that the USSR has undertaken not to be the first to use nuclear weapons and is abiding by it most strictly. Were a similar step to be taken by Washington, this would improve the international atmosphere immediately, strengthen trust in relations between states and consolidate security for all. Unfortunately, this is not the case. Scenarios of a nuclear attack on the socialist world remain in force in the Pentagon and NATO. The USSR is a convinced opponent of nuclear war in any version. But it is forced to reckon with the fact that its negotiating partners are obviously not prepared to part with nuclear weapons. Under these conditions attempting to put our country in a strategically vulnerable position is unrealistic. The USSR does not pretend to greater security and will not agree to less.

The international community, including influential forces in the ruling circles of the leading capitalist states themselves, treated the Soviet plan for the elimination of nuclear weapons with such approval, sympathy and interest that, following long hesitation and excuses, Washington officials were forced literally on the eve of the CPSU congress to define their position. It proved extremely

evasive and essentially negative. The U.S. Administration's "readiness" to discuss the Soviet proposal expressed in the "response" proved to be weighed down with the standard set of evasions of any specific accords. While declaring its "interest" in individual elements of the plan artificially wrested from the general context Washington practically completely turned down its main ideas. Thus the United States supported a reduction in nuclear strategic arsenals in words. At the same time, however, the White House did not reveal the least intention of forgoing the preparations for "star wars," which deliberately renders any radical reductions in offensive nuclear weapons meaningless. The American side "approves" the Soviet proposals concerning on-site inspections of nuclear tests, but is unwilling to link such inspections themselves with the possibility of a halt to testing. Inspection for inspection's sake! Washington is blocking the elimination of intermediate-range missiles in Europe by a demand for the elimination of Soviet missiles in Asia also, ignoring the balance of arms and the specific features of the situation in this region, where the United States itself has powerful weapons capable of reaching the territory of the Soviet Union.

Despite all the contradictoriness and even obstructionist nature of the American position, the Soviet Union has not changed its viewpoint on the need for continuation of the negotiations with the United States, at the top level included. For there is no other way of achieving concerted solutions. The provocative attempts being made by some people in the West to force the USSR to "slam the door"--and this was clearly emphasized by the congress--will not succeed.

While attaching importance to relations with the United States inasmuch as it is precisely on them that the possibility of achieving real arms limitation agreements depends the CPSU and the Soviet Government by no means intend enclosing themselves solely in these. The model of the notorious "bipolarity," as also the "two superpowers" concept which nurtures it, is emphatically rejected by the Soviet Union. The modern world is far wider and larger: dozens of states, large and small, operate on the international scene. The USSR has stepped up appreciably its relations with other capitalist countries besides the United States and their regional groupings and organizations.

A principal direction of the CPSU's international activity is the European direction. Granted all the contradictoriness of the political courses of individual West European states, certain manifestations of realism, independence and a resolve to champion their own interests have come to light in their behavior in recent years, which, in particular, has prompted some of them to protect against Washington's encroachments economic and other relations with the Soviet Union and other socialist states. Influential circles of these countries are gravitating toward understandings with the socialist world based on confirmation and development of the Helsinki process, nuclear and conventional arms limitations and the creation in various parts of Europe of zones free of weapons of mass annihilation. The congress called attention also to the growing significance in international affairs of the Asian and Pacific direction, where a quest for serious solutions in the interests of stability and peace are essential. The congress also adopted a clear position in support of a political settlement of conflict situations in a whole number of the planet's "flash points".

The present-day extremely contradictory world is distinguished by interdependence and a certain integrity. This applies primarily to questions of war and peace, in whose content there has been a radical change. In a world united by a common threat of extermination and a general interest in survival there cannot be security at the expense of anyone else; security may only be general and equal for all states, large and small, socialist, capitalist and developing. Proceeding from such criteria, the congress formulated the "Principles of the Creation of an All-Embracing System of International Security". This is a major new contribution to the most important and extraordinarily complex sphere of the theory and practice of contemporary international relations.

The Soviet plan provides for four main directions of progress precisely toward this, sole dependable system of security. They are primarily measures in the military sphere proper such as the nuclear powers' renunciation of war against one another or against third states--both nuclear and conventional; prevention of an arms race in space and a halt to all tests of nuclear weapons and their complete liquidation, the banning and destruction of chemical weapons and renunciation of the creation of other means of mass extermination; a strictly monitored reduction in the levels of states' military potentials to the limits of a reasonable sufficiency; the disbandment of military groupings and, as a stage toward this, renunciation of their expansion and the formation of new ones; a proportional and commensurate reduction in military budgets.

The advanced measures are not, of course, dogma but a subject for discussion and negotiation. Other measures and a different order of priority thereof are, obviously, perfectly possible. It is important, however, to prevent any arms race bypasses. The Soviet plan has the virtue of completely precluding such a possibility, which is incompatible with the creation of the foundations of general security.

Ensuring all-embracing security also makes a number of entirely specific and practicable demands on the political sphere. Among these are unconditional respect for the right of each people to the sovereign choice of the paths and forms of their development; a just political settlement of international and regional conflicts; a set of measures to strengthen trust between states; formulation of effective methods of preventing international terrorism. Obviously the United Nations and other international organizations and the currently operative international negotiating forums, within the framework of the Helsinki process included, could make their contribution together with the states to the determination and implementation of many political measures of security.

The third category of measures envisaged by the Soviet plan is economic. It should incorporate the following basic components: the exclusion from international practice of all forms of discrimination and renunciation of a policy of economic blockades and sanctions, if this is not provided for by recommendations of the world community; a joint search for a solution of the debt problem; the establishment of a new international economic order; use for the good of the peoples, primarily the needs of the developing countries, of part of the resources freed as a result of the reduction in military budgets. It is well known that the practice of abuse of the economic factor for political purposes served on the eve and at the outset of the 1980's as a principal instrument of the undermining of detente and the spurring of tension. Adoption of the Soviet

proposals would, besides corresponding to the task of the utmost expansion of international economic cooperation, make it possible to at least limit reactionary forces' economic sabotage of international peace and security.

Finally, the Soviet plan has for the first time formulated a whole set of humanitarian principles of security. These include cooperation in the dissemination of the ideas of peace, a rise in the level of general objective knowledge-ability and a strengthening in relations between peoples of the spirit of mutual understanding and concord; the eradication of genocide, apartheid and the preaching of fascism and any other racial, national or religious exclusiveness; a broadening--given respect for the laws of each country--of international cooperation in the exercise of man's political, social and personal rights; the solution in a positive spirit of questions of the reunification of families and the development of contacts between people and organizations; a strengthening and search for new forms of cooperation in the sphere of culture, art, science, education and medicine.

In the recent past reactionary forces in the capitalist countries made shameless use of humanitarian themes for unseemly, provocative actions against the socialist states, which seriously undermined general security--through a deterioration in the atmosphere in international relations. Such a practice--and it continues, alas--must be ended. At the same time humanitarian contacts and cooperation in this soil are an abundant sphere for the rapprochement of the peoples. The extension and intensification of relations along the lines of science, culture and art correspond to the interests of all mankind and constitute potentially a most powerful resource of the consolidation of peace and security.

Of course, signposting the correct path toward general peace does not mean ensuring movement itself in this direction. The reaction of the leaders of the United States and its allies to the proposals presented from the platform of the 27th CPSU Congress gives few grounds for hope, unfortunately, inasmuch as it testifies in the majority of cases to a reluctance to part with inveterate power dogmas.

Nonetheless, factors capable of contributing to a real positive change in international relations not only exist but are strengthening. As the congress pointed out, a stable and in principle irreversible trend toward a strengthening of the potential of peace, prudence and good will is operating in the world currently. Even today this potential has unprecedentedly strong world influence. It incorporates as the nucleus and main pivot the USSR, the world socialist community as a whole and other socialist countries. By their frenzied attempts to shake the socialist family of peoples the imperialists are confirming once again the significance of the unity and cohesion of the socialist countries and the coordination of their efforts on the international scene for the fate of progress and peace in the world. An integral part of the potential of peace is the international communist movement, which has embarked on a qualitatively new stage of its development connected primarily with the need for an intensification of the struggle of the communist and workers parties against reaction and militarism. It is significant that an increasingly firm and consistent position against the arms race and the preparations for war is being occupied in the capitalist countries by the working class, which is combining its social demands

with its peace demands. The movement of many social democratic parties and their organization--the Socialist International--toward a policy of active struggle for peace and international security is a fact. The continuing ideological differences do not prevent the communists, Soviet included, from cooperating closely in safeguarding peace and opposing the forces undermining it with the social democrats and the organized societies aligned with them.

The potential of peace also undoubtedly includes the forces of national liberation and the majority of developing countries. "The course of social progress," the Political Report emphasizes, "is closely connected with ANTICOLONIAL revolutions, the national liberation movement, the revival of many states and the emergence of dozens of new ones. Having gained political independence, they are conducting a grim struggle to overcome backwardness and poverty, sometimes desperate poverty--the entire grim legacy of the slavish past. Targets of imperialist policy with no rights in the past, they have set out on the road of independent historical creativity." The young emergent states can have no interest in colossal spending for military purposes of material resources of which they are in dire need for development ends. Despite all its political heterogeneousness, the nonaligned movement is sustaining with sufficient confidence a policy geared to the reference points of peace, antimilitarism and anti-imperialism.

The relatively new and, furthermore, mass contingent of forces currently constituting a significant part of the potential of peace in all the main capitalist countries has to be pointed out. It is a question of the large number of new democratic movements, peace movements included. Granted all the differences and contradictions even, these movements are in one way or another coming into conflict with a most odious and dangerous creation of present-day capitalism--nuclear militarism. It has to be seen that a significant part of the public of Western countries which previously displayed no political assertiveness has now been drawn into the antiwar channel. It is more than natural that Soviet public circles are, as the congress declared, announcing a readiness to develop and extend relations with currents and organizations of the most diverse political persuasions, including religious organizations advocating peace.

The seriousness of the problem of survival which confronts mankind today is prompting an increasingly large number of statesmen of many capitalist countries to occupy positions of realism and prudence in their approaches to problems of peace and security. Reality and experience are teaching bourgeois politicians also certain elementary truths like, for example, an understanding of the impossibility of waging and winning a nuclear war. It may be hoped that sober-minded figures of the leading political parties, conservative included, of the capitalist countries will increasingly consistently turn down the choice of collective suicide and increasingly confidently adopt the sole possible intelligent alternative--peaceful coexistence.

As a whole, the forces of peace and realism in the current situation are immeasurably more powerful and influential than the forces of war and political recklessness. The spirit of the decisions of the 27th CPSU Congress is one of an objective, ruthlessly strict analysis of all phenomena of reality and all facts of domestic and international life. At the same time a spirit of justified optimism also. For precisely the analysis made by the congress showed that peace

and disarmament, which have always been the true ideal of socialism, today constitute the vital requirement of all people on earth and all mankind. This is the main guarantee of the prevention of the catastrophe threatening the planet. This is the decisive prerequisite of the future of civilization on earth and social progress.

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ROLE OF SSBN'S IN U.S. NAVAL POLICY HIGHLIGHTED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 4, Apr 86 (signed to press 19 Mar 86) pp 24-31

[Article by B. Balev: "Imperialism's Military-Political Ocean Strategy"]

[Text] There has been a sharp increase in recent decades in the significance of the maritime environment of our planet as a principal geographical sphere of the military opposition of capitalism and socialism. Such a vast quantity of superpowerful nuclear missiles has already been stockpiled in the oceans and is in a state of immediate readiness that if a further growth of tension is not halted, it could become through the efforts of imperialism, American primarily, a sphere of actual confrontation, and not only maritime but also global, furthermore--with all the irreversible consequences for mankind.

This is the main, but not the sole factor determining the military-political role of the oceans under current conditions. Another is the use by imperialist states, primarily the United States, of naval forces in peacetime for the solution of this international problem or the other in a direction beneficial to themselves, which has assumed extensive proportions since the war. The maritime environment is regarded by imperialism as the most suitable sphere of the use of force from the military-political and geographical viewpoints--both for direct military intervention and for putting political pressure on sovereign littoral states.

By the end of WWII the United States had the biggest armed forces in the capitalist world, including the most powerful navy. Therefore it was afforded tremendous opportunities in the postwar period for strengthening its strategic positions in the Pacific and Atlantic oceans and island areas of the oceans and seas and also in continents' coastal zones. The country's navy acquired a far-flung network of bases, basing and supply points and other military facilities embracing almost the entire waters of the oceans.

Having come to head imperialist reaction, the ruling upper strata of the United States set the goal of achieving military superiority over the socialist countries and thereby world domination. The experience of WWII and the actual prospects of the S&T revolution in warfare were the basis of the formation in U.S. military-political circles of the new views of naval warfare and sea power as an important instrument promoting the pursuit of an aggressive, expansionist course.

I

With the development and armament by the U.S. Navy on the eve and at the outset of the 1960's of sea-based ballistic missiles with nuclear warheads and the appearance of nuclear propulsion plants on submarines there appeared for the first time such categories of weapons and services of the armed forces as "naval strategic arms" and "naval strategic forces". The fighting strength of the U.S. Navy came to be divided into two parts. The first were the sea-based strategic missile forces (subsequently the naval strategic missile system), the basis of which were nuclear-powered submarines with ballistic missiles (SSBN). The second were general forces incorporating multipurpose aircraft carriers and other surface warships and multipurpose torpedo-firing submarines and also ship- and shore-based naval bomber-strike and ASW aircraft.

It is well known that in its global plans the United States pays particular attention to the improvement and maintenance at the highest degree of readiness of the so-called "strategic triad" consisting of strategic ground-based intercontinental missiles, strategic attack aircraft and sea-based strategic missile forces. As of the present the sea-based component of the "triad" has acquired priority (without particular infringement of its two other components, it is true). In the opinion of American military specialists and politicians, the sea-based system is, as a whole, more reliable and efficient than the ground- and air-based systems. This is substantiated by the high mobility and concealment of the missile-firing submarines in the ocean depths, which secures for them the possibility of surprise attack and makes them barely vulnerable to the ASW and antimissile forces and resources of the enemy.

The SSBN have great autonomy of operation. They can remain underwater for a long time (many months) in a state of immediate readiness for a missile launch. The U.S. military-political leadership believes that the launching of nuclear strikes against an enemy not from fixed points and areas but from the depths of the vast ocean expanses considerably reduces the probability of retaliatory strikes being launched against the territory of the United States itself.

For the above reasons the development of the naval strategic missile system proceeded rapidly. Thus in the 25 years which have elapsed since the time of the commissioning of its first version* five generations of sea-based strategic missiles have been created already--Polaris A1, Polaris A2, Polaris A3, Poseidon S3 and Trident 1. The sixth-generation missile, Trident 2, which it is planned to adopt in 1989, is in development.

Each new generation of missiles was perfected significantly in terms of such indicators as range, targeting accuracy, yield and area of destruction (or number of targets). There was a corresponding increase in the weight and dimensions of the missiles. Thus whereas the Polaris A1 had a range of 2,200 km and a single 500-kiloton warhead and weighed 16 tons, the latest missile adopted

* The first series of missile-firing submarines consisting of five "George Washington"-class SSBN with Polaris A1 missiles was commissioned in 1959-1961.

by the navy, the Trident 1 (S-4) has a range of 7,400 km, a separating rocket head with eight independently targeted warheads with a yield of more than 100 kilotons each and an accuracy of fire (APE)* of 460 meters. It weighs 37 tons. The Trident 2 missile (D-5) which is being developed will have a range of 11,000 km, a separating rocket head with 14 independently targeted warheads with a yield of 150 kilotons each (or, as a variant, 7 warheads of 600 kilotons each), an accuracy of fire of 90 meters and a weight of 57 tons.

Twelve "Benjamin Franklin"-class SSBN, which prior to this had Poseidon S3 missiles, which are already considered obsolete, have been rearmed with Trident 1 missiles.** In parallel with the development, construction and adoption of new, more sophisticated types of sea-based missiles all the remaining components of the sea-based strategic nuclear forces (control, guidance, storage and so forth systems) are being constantly modernized.

The pace of construction of superpowerful strategic missile-firing nuclear submarines of the Trident system is being stepped up simultaneously. At the end of 1981 the fighting strength of the navy was joined by the first submarine of the system--the "Ohio"--which is armed with 24 Trident 1 missiles. It is superior to submarines of the Poseidon missile system ("Lafayette" class) by a factor of almost 2 in terms of displacement, by a factor of 1.5 in terms of the number of missile launchers, by 20 percent in terms of the number of independently targeted warheads and by a factor of 2.5 in terms of their total yield. In terms of combat possibilities one "Ohio"-class submarine is superior to 10 submarines of the 1960's of the Polaris A3 system, which had 160 missiles altogether.

The United States' naval strategic missile forces have six missile-firing submarines of this class (the "Ohio," "Michigan," "Florida," "Georgia," "Henry M. Jackson" and "Alabama") carrying 144 Trident 1 missiles altogether.*** They are all part of the U.S. Pacific Fleet.

In the period 1986-1990 it is proposed building and commissioning a further five missile-firing submarines of this class and having increased their number to 20 by the year 2000. The new submarines have extended missile tubes intended for the installation of the Trident 2 missiles in the 1990's. In addition, 19 "Lafayette"-class submarines (16 Poseidon S3 missiles each) are on line.

Thus the United States' sea-based strategic missile forces include as of the present 27 SSBN.**** They carry in the launch silos 640 strategic missiles (approximately 6,000 nuclear warheads altogether). Currently the proportion of such warheads on sea-based delivery systems has already risen to 48.7 percent of the total number of warheads of the "triad" of the United States' strategic nuclear forces (it will rise to 50 percent when the entire Trident system becomes operational).***** More than half of the missile-firing

* APE--average probable error.

** See "Jane's Fighting Ships 1985-1986," London, 1985, p 673.

*** Ibid., pp 672-673.

**** Ibid., p 672.

***** VOYENNAYA MYSL No 6, 1984, p 70.

submarines are constantly on combat patrol in the oceans in areas ensuring that targets located on USSR territory can be hit by nuclear strikes from various directions.

Great Britain and France also have sea-based strategic missile forces, although of considerably less strength and potential. Great Britain has four SSBN ("Resolution"-class) each carrying 16 American Polaris A3 missiles, which it is planned replacing by no later than 1995 with Trident 2 missiles. The French Navy has six SSBN, five of which (of the "Redoubtable" class, of 1971-1980 construction) are equipped with the French first-generation sea-based M-20 strategic missiles (range of 3,400 km, yield of each warhead up to 1 megaton). It is planned installing on these SSBN prior to 1992 second-generation M-4 missiles (range of 4,500 km, six warheads of 150 kilotons each). The sixth submarine (the "Inflexible"), which already has such missiles, was handed over to the fleet in May 1985.

II

The imperialist states are also paying great attention to the development of general naval forces. Thus the Pentagon envisages the accomplishment with their help of all the traditional assignments characteristic of the navy of combat operations for the protection and defense of its coastline and the coastline of its allies from the sea and also lengthy operations in parts of the oceans remote from the United States using both conventional and nuclear weapons. In peacetime the general forces are designated for a show of military power and direct armed intervention in the affairs of sovereign states. They are being furnished with new ships, aircraft and helicopters for this purpose. The system of basing is being perfected, strategic and tactical mobility is being increased and logistics support is being improved. A program of an increase up to the 1990's in the overall number of ships in the regular navy to 600 (not counting a considerable number of ships of the reserve) is being implemented.

Possessing a ramified network of naval bases, the United States maintains at them powerful groupings of general naval forces--task fleets. Thus the 6th and 2d task fleets operate in NATO's "zone of responsibility" in the Mediterranean and the Atlantic. They include approximately 170 warships, including six multipurpose carriers, up to 50 multipurpose nuclear submarines and over 800 warplanes, including no less than 240 carrier-based strike aircraft firing nuclear weapons capable of reaching USSR territory.

The 7th task fleet, which is based mainly in Japan and South Korea, that is, in direct proximity to the Soviet Far East, is deployed in the Western Pacific. It can be reinforced by the 3d task fleet based in Hawaii and on the United States' Pacific coast.

A large U.S. Navy formation is also deployed in the Indian Ocean. One-two multipurpose aircraft carrier groups (up to 20 warships) assigned from the 6th and 7th task fleets constitute the basis thereof. This formation could have up to 180 warplanes, including up to 80 carrier-based nuclear weapon-firing strike aircraft.

The multipurpose aircraft carriers are not only the main striking power of the general naval forces but also a "live" strategic nuclear reserve, that is, are called on to tackle set assignments within a strategic nuclear forces framework also. The biggest ships of this class are the nuclear-powered aircraft carriers.* Currently the U.S. Navy has four such ships (the "Enterprise," "Nimitz," "Dwight D. Eisenhower" and the "Carl Vinson"). In 1986 it is proposed commissioning a fifth--the "Theodore Roosevelt". The construction of a further two aircraft carriers (the "Abraham Lincoln" and the "George Washington") is planned before the end of the 1980's. The U.S. Navy has 14 multipurpose aircraft carriers altogether at the present time.

The Pentagon plans to use these ships as the combat nucleus for the creation of carrier strike or multipurpose groups and formations for the purpose of the operational buildup of forces designed to demonstrate the power of the U.S. Navy and ensure domination of the seas in vast ocean areas. Each group will consist of a nuclear-powered aircraft carrier, 4-6 missile-firing cruisers, 1-2 multipurpose submarines and the corresponding number of escorts. The creation of two permanent groups for the Atlantic (made up of the 2d and 6th fleets) and two for the Pacific (the 7th and 3d fleets) is contemplated primarily.

In recent years the Pentagon has begun to pay considerable attention to sea-based cruise missiles. They are viewed as the principal tactical and operational weapon of the general forces and also as an essential reserve of the navy's strategic system. It is contemplated installing cruise missiles with nuclear warheads on submarines, multipurpose carriers and specially built missile-firing surface ships and also on obsolete, but specially modernized large gun-firing ships--battleships and cruisers--brought out of the reserve.

According to the customary classification, the sea-based Tomahawk cruise missiles (in the "ship-to-shore" version)** pertain to intermediate-range missiles. But inasmuch as these missiles are capable of carrying nuclear warheads and of reaching (from certain ocean areas) the territory of the Soviet Union and other socialist community countries and have great accuracy of fire they should be regarded under certain conditions as strategic weapons. Furthermore, the broad range of possible carriers of such missiles (multipurpose submarines, surface ships of various classes and, probably, small combatants and merchant ships) erases the boundary between the U.S. Navy's strategic and general forces. All this makes highly complex an accurate recording of sea-based strategic nuclear missiles both for negotiating and the conclusion of agreements on limiting them and for the purpose of the creation of antimissile weapons and the organization of the corresponding measures of a defensive nature.

* The modern nuclear-powered multipurpose aircraft carrier of the "Nimitz" type has a total displacement of 91,500 tons, is 332 meters long and has a main propulsion plant capacity of 260,000 h.p., a speed of 30 knots (55 kph) and an unlimited cruising range (such a ship covers more than 1,300 km in a day). It carries on board over 90 warplanes, including 40 strike aircraft firing nuclear weapons with a range of over 1,000 km. The ship's crew, including the aircraft personnel, is 6,300 men.

** The Tomahawk cruise missile has a range of fire in the "ship-to-shore" version of 2,500 km, a nuclear warhead yield of 200 kilotons, minimum flight altitude of 30 meters, accuracy of fire of 100 meters and launch weight of 1.3 tons.

The probability of such a course of events was unequivocally confirmed by U.S. Secretary of the Navy J. Lehman, who recently announced the development of a so-called "new naval strategy" based on the extensive use of cruise missiles. It provides for an increase from 12 to 15 in the fighting strength of the navy in the number of carrier strike formations, which will have the job, if the need arises, of "catering for an offensive against the Russians in their territorial waters and also attacking targets deep in Soviet territory with the aid of ship-launched cruise missiles."

III

A most important assignment of America's general naval forces is the organization and performance of continuous ocean ASW operations, mainly in the Eastern Atlantic and Western Pacific, that is, areas adjacent to the USSR's borders.

The great difficulty of detecting swift nuclear submarines over vast ocean expanses, the complexity of the continuous tracking of detected submarines and their destruction, if necessary, and also the detection, interception and destruction of missiles which they launch--all this makes the antisubmarine struggle, particularly on a global scale, very costly. It requires a huge expenditure of forces, fighting equipment and logistical resources inconceivable, foreign military specialists believe, for a single state, even such a one as the United States. For this reason the Pentagon is endeavoring to enlist its military bloc partners and allies in the solution of the problems of the antisubmarine struggle: the NATO participants in the Atlantic and Japan and South Korea in the Pacific.

The West's leading military circles are currently operating with a new concept--"antisubmarine warfare"--which has come to replace such concepts as "antisubmarine defense" and "antisubmarine struggle". It is more capacious than the previous ones for it incorporates a vast set of measures and methods of combating an enemy's submarines, which are starting to be practiced and implemented in peacetime even.

The strategy of "antisubmarine warfare" (like, incidentally, that of "star wars" also) is designed to "neutralize" a retaliatory strike on the part of the USSR, having destroyed detected Soviet SSBN in advance, after which there is to follow the "pressing of the button" in the hope of complete impunity. Thus it is a question not of defense against the "Soviet military threat," as Western propaganda attempts to portray it, but of the creation of the potential for a nuclear first strike against the Soviet Union.

A significant number of multipurpose submarines, surface ships of the main classes and aircraft and helicopters equipped with special apparatus and arms is being enlisted in peacetime even in the fulfillment of "antisubmarine warfare" measures.* Furthermore, fixed antisubmarine observation systems, the basis of which are long-range sonar surveillance stations with a ramified network of bottom and moored hydrophonic sensors, operate in combination with ASW force ships and aircraft. These systems are capable of detecting submarines as they pass through this area or the other, determining their course and speed, exercising prolonged tracking and guiding their antisubmarine forces toward them.

* For example, the U.S. Navy's multipurpose submarines allot 70 percent of cruising time, according to data of the foreign press, to practicing and performing ASW operations.

IV

Apart from the operational and combat assignments typical of every navy, the U.S. Navy has and performs a huge list of military-political assignments. The United States is the only state in the world which has elaborated and is implementing the concept of "domination at sea" in peacetime. J. Lehman declared plainly that the United States is fully resolved to achieve "indisputable superiority in the seas and oceans by the end of the present decade." According to him, this will afford it an opportunity "to guarantee access to vitally important parts of the world." Developing the idea, the secretary emphasized that a "program of an unprecedented buildup of U.S. naval power" being implemented by the Pentagon is geared to the achievement of this superiority.

The United States pretends to the establishment of special rules of law ensuring unlimited freedom of movement and action for its navy. The directive of the Chiefs of Staff Committee (1979) which ordered the Naval Command "to emphasize the American right to free navigation" at a distance of up to 3 miles from the shores of any state, may serve as an example. The directive means essentially nonrecognition of the restrictions determined by the laws of sovereign littoral states in respect of their territorial waters.*

Considerable areas of the oceans and the territory of sovereign states adjacent to them and tens of thousands of kilometers removed from the American continent (the Persian Gulf region, for example) have been declared spheres of the United States' "vitally important interests". The task of "protection" of these "interests" has been entrusted primarily to the navy. Its operations and sometimes its very presence even in this region or the other are regarded by Washington as a most important prop of its diplomacy.

Ships of the U.S. Navy move great ocean distances. Naval groupings with contingents of marines* on board may suddenly appear in proximity to this littoral sovereign state or the other at so-called "flash points of the planet," in "zones of instability" or in areas of the United States' "national interests". They may remain there a long time in a state of immediate readiness for tackling set assignments, including the landing of marines with equipment, and also for the use of all types of weapons, nuclear included.

* Guided by economic interests and concerned for security, littoral states determine the width of their territorial waters within limits of up to 12 nautical miles in accordance with the customary rules of the international law of the sea. However, in recent decades certain states have unilaterally extended their territorial waters beyond these limits. The 1982 UN Law of the Sea Convention (not yet in force) enshrined the 12-mile limit of the width of the territorial waters of all littoral states.

** Currently the marines are considered the most mobile and efficient assault-offensive arm of the U.S. Navy, which is furnished with all types of combat equipment and has its own aviation. They are intended for operations in the first amphibious assault waves and for other active operations. This is the sole arm of the armed forces which the U.S. president may use outside of his country without congressional approval.

Such actions are defined by certain American military figures and politicians as a readiness for "punitive operations in zones of instability." It was for this purpose that in 1980 Washington, taking advantage of the well-known events in Iran, sent to the Indian Ocean and the Persian Gulf zone a naval grouping of unprecedented strength and combat might--two carrier strike groups, approximately 20 other ships of various classes, sizable contingents of marines and aircraft. The considerable concentration of American naval forces and subunits of marines off the coast of Lebanon in June 1985, the seizure with the aid of carrier-based aircraft of the U.S. 6th Fleet of the Egyptian airliner in October 1985 in the region of Sicily, operations in respect of Libya at the start of the 1986 and so forth also may serve as typical examples of such actions.

The aggressive policy of imperialism is characterized not only by the methods of threats and blackmail but also by direct military intervention and the unleashing of local conflicts and wars. Striking examples are the U.S. aggression in Vietnam and its armed intervention in Panama, Lebanon and Grenada and in the affairs of a number of sovereign states. Great Britain also is trying not to "lag behind" its closest ally, to which its armed conflict with Argentina in 1982 on account of the Falkland Islands (Malvinas), which are situated in the South Atlantic 12,000 km from British shores, testifies.

Thus the imperialist powers, primarily the United States, attach increasingly great significance in their military-political strategy to the oceans, assigning naval forces the leading role. The main reason for this is the "all-purpose nature" of the latter: on the one hand a capacity for tackling strategic assignments, on the other, for performing gendarme functions in respect of suppression of national liberation movements in all parts of the world. Thus, for example, according to American data, since the war the United States has employed armed forces for foreign policy purposes on roughly 250 occasions, naval forces in approximately 80 percent of them, what is more.

The report of Adm J. Watkins, chief of staff of the U.S. Navy (the highest military office in the navy), on current U.S. naval doctrine, which was published this January and which was approved prior to publication by Defense Secretary C. Weinberger, may serve as striking confirmation of the aggressive thrust of imperialism's ocean policy.

The report defined precisely the U.S. Navy's active offensive role in the oceans both at a time of regional conflicts and when "the international situation could grow into a global confrontation between the superpowers." The operations of the U.S. Navy are divided into three stages: the first is "containment on the brink of war," given a readiness at any moment to transgress this brink and begin combat operations on a global scale; the second is "seizing the initiative"; and the third is "carrying combat operations to the zone of the enemy". In the opinion of J. Watkins, at the first stage "...we will attempt together with the allied navies, when appropriate, by way of the prompt and decisive use of sea power everywhere in the world to be victorious in a crisis, bring escalation under control and by the global scale of our operations itself unambiguously declare our intention not to cede to the Russians a single region lacking our presence and deprive them of the possibility of determining at their discretion the nature of the combat operations...." "By "seizing the initiative" is understood a transition "to the destruction of the Soviet forces in the Mediterranean and Indian Ocean

and at other forward positions." If necessary, the U.S. Navy will engage in "neutralization of the Soviet Union's allies and begin to penetrate Soviet territorial waters." The way is to be opened at the third stage "to putting direct pressure on the Russians to force them to end the war on our terms." Such is the quintessence of the present naval strategy of the United States.

The correlation of forces in the world is taking shape not to the benefit of imperialism. The socialist community is strengthening increasingly--economically, politically and militarily. The Soviet Armed Forces, which have everything necessary for rebuffing any aggressor, from oceanic directions included, constitute the basis of its defense might. As a retaliatory measure to the actual threats of imperialism the Soviet Union has created a powerful nuclear fleet possessing nuclear-powered missile- and torpedo-firing submarines and surface ships, naval missile-firing aviation and a naval infantry. These constitute a factor making imperialism's use of the oceans for expansionist purposes considerably more difficult.

While possessing sufficient power, naval included, for cutting short all aggressive actions of imperialism the Soviet Union at the same time remains true to its peaceable policy aimed at safeguarding and maintaining general peace and security. The numerous constructive initiatives and proposals of the USSR aimed at curbing the arms race are well known. The Soviet Union advocates, inter alia, a limitation of naval activity and naval arms in various ocean regions.

A reduction in naval arms and ocean demilitarization as part of the overall task of ensuring lasting peace on earth now represent a most important international problem. With its solution ocean waters which have through the efforts of imperialism been turned into a nuclear arsenal, a vast launching pad for strategic nuclear weapons and a zone of acute political and military confrontation could become an arena of broad international cooperation and a source of a rise in the well-being of all mankind.

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U.S. POSITION IN WORLD CAPITALIST ECONOMY SEEN STRONGER

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 4, Apr 86 (signed to press 19 Mar 86) pp 43-55

[Article by N. Shmelev: "The United States in the World Capitalist Economy"]

[Text] The intensification of the process of the socialization of production on a national and international scale is having an increasingly big impact on the nature of the development of present-day capitalism.

Capitalism on the threshold of the 21st century differs largely from what it was at the start or even in the middle of our century. As the new version of the CPSU Program emphasizes, "under the conditions of state-monopoly capitalism combining the power of the monopolies and the state the conflict between the gigantically increased productive forces and capitalist production relations is becoming increasingly acute. The intrinsic instability of the economy is increasing, which is being expressed in a slowing of the overall rate of its growth and the interweaving and intensification of cyclical and structural crises."

The endeavor to overcome the devastating effect of these crises and achieve economic and social stability is prompting contemporary capitalism to mobilize all its potential and seek new areas of development in breadth and in depth. Ultimately all the attempts to modify and modernize capitalism which are being made today are aimed at blunting and softening the seriousness of the insoluble contradictions of bourgeois society thanks to the possibilities of material progress born of the S&T revolution. A most important part in the change in the conditions of the development of present-day capitalism is being played by the increasing internationalization of economic life, the continuous extension of the international division of labor and the expansion of the spatial possibilities of the self-growth of capital to truly cosmopolitan proportions.

The internationalization of economic life grows from the social division of labor. Progress in the development of the production forces is organically inseparable from the concentration and specialization of production within national limits and at the international level. These processes are developing in the same directions in which the movement of commercial, productive and loan capital is developing: these are the movement of commodities and services

across national borders, the international migration of capital and manpower, the intensification of integration processes in various regions of the world and the gradual growing together of national commodity and financial markets and international markets.

The internationalization of economic life means at the same time a growth of the interdependence of individual countries and the increased interpenetration and interweaving of their economic structures. The growth of interdependence is an objective and natural world process, an additional stimulus to which has been given by the S&T revolution. As M.S. Gorbachev emphasizes, the reality is that "interconnection and interdependence between countries and continents are becoming increasingly close. This is an inevitable condition of the development of the world economy, S&T progress, the acceleration of the exchange of information and the movement of people and things--on earth and even in space. In a word, the entire development of human civilization."

Economic and S&T independence today not only does not preclude but, on the contrary, presupposes a growth of interdependence in many, including the key, directions. The internationalization of economic life is expressed in the fact that together with the movement of national products to foreign markets the attraction of foreign material-technical and financial resources for satisfaction of the internal requirements of this country or the other is becoming a daily, customary phenomenon or permanent and perfectly natural factor of the national reproduction process. The whole question, however, is the extent to which this interdependence is symmetrical, and if it is asymmetrical, to whose benefit is such asymmetry. It is precisely the asymmetrical nature of interdependence which permits the economically strongest capitalist countries, primarily the United States, to derive from the current system of the international division of labor far greater advantages than its partners among the less strong developed capitalist and developing states.

I would like to emphasize in this connection that the exploitation of the resources of other countries in the era of highly developed monopoly capitalism is in increasingly less need of the extra-economic and forcible methods which were so prevalent in the era of colonialism, particularly in its initial phases. The basis of the production of surplus value and the appropriation of the results of the labor of others at the national or international levels under capitalism is the law of value discovered by K. Marx, that is, the law of the exchange of equivalents. Plunder, robbery and cheating are for highly developed capitalist production and exchange just as frequent an occurrence as they were for simple commodity production. The self-growth of capital does not in principle require nonequivalent relations, on the international scene included: commodity exporters and importers, foreign investors and international creditors obtain their surplus product or their share in this product fully in accordance with the law of value, whose action ensures for the producer or owner of a commodity the equivalent compensation of this amount or the other of socially recognized abstract labor contained in a given commodity. Capitalism based on the law of value has created its own, equivalent mechanism of the production and appropriation of surplus value, and its liquidation is impossible without liquidation of the entire system of capitalist production relations. In just the same way the "normal," that is, equivalent, appropriation by the monopolies of the surplus product in the process of international capitalist exchange is "legitimate" and inevitable as long as capitalism exists.

Up to roughly the middle of our century the most important direction of the internationalization of economic life was foreign trade. But in recent decades the preeminent role in capitalism's world-economic relations has been switching increasingly to the export of direct and portfolio investments from the leading capitalist states and certain oil-producing countries. In the phase of imperialism direct intrusion in the economy of other countries becomes a customary practice and condition of the existence even of the biggest companies and banks. The income from foreign investments is proving to be a more substantial source of an increase in the norm and mass of profit of the leading capitalist countries than their foreign trade. Currently, for example, profit and interest (net income) from all types of the United States' overseas investments are approximately three-four times greater than the net income from American exports. It is precisely the profitability and high earning power of overseas investments which have led to the restrictions on the export of capital now having been removed in virtually all industrial capitalist countries.

Evaluating the economic potential and economic possibilities of this Western country or the other today, it is impossible not to take into consideration the scale of its "second economy" located in other countries. The value of the product of American corporations' overseas affiliates had by the start of the 1980's reached 41.4 percent in relation to the United States' gross domestic product. For the FRG this indicator was the equivalent of 22.9 percent, Sweden 34.2 percent, Britain 58 percent, Holland 84.4 percent and Switzerland 154.8 percent even. For France and Japan this ratio was lower-- at a level of 14.5 percent.* Were we, however, to speak only of material production, the role of the "second economy" would for the majority of highly developed capitalist countries be even higher: for example, the product of American companies' overseas affiliates is today roughly equal to 80-90 percent of the value of material production in the United States itself.**

Increasing the interconnection and interdependence of the national economies, the monopolies' foreign investments long since became organically intertwined in the living fabric of the entire economic life of the host countries. Foreign capital has intruded deeply into the economy of both industrial capitalist and developing states and become an inalienable component of their entire reproduction process. By the start of the 1980's some 12 percent of the assets of U.S. manufacturing industry belonged to foreigners. The share of foreign capital in the total production of Britain's manufacturing industry constituted 21.2 percent, 21.7 percent in the FRG, 23.8 percent in Italy and 27.8 percent in France.*** Obviously, without the participation of foreign capital the normal process of reproduction in the industrial capitalist countries is no longer possible. This true to an even greater extent for the overwhelming majority of developing countries, where the economic positions of foreign monopolies today are particularly strong. Foreign capital currently controls approximately 40 percent of the developing states' industrial production. The sectors controlled by foreign capital, while providing for the

* See "The World Capitalist Market and Problems of the Internationalization of Economic Life," Moscow, 1983, pp 150-151.

** See M.I. Zakhmatov, "The United States: Weakening of International Economic Positions," Moscow, 1984, p 146.

*** See "Transnational Corporations in World Development. Third Survey," United Nations, New York, 1983, p 350.

process of national reproduction in these states, are at the same time essentially not their national sectors but part of the "second economy," that is, a kind of geographical continuation of the national economy of the countries exporting the capital.

The increasing interweaving of national reproduction systems and the gradual formation of a single reproduction process on the scale of the entire capitalist world testifies to the constantly growing socialization of labor in the economy of world capitalism and a trend toward the spontaneous erosion of economic boundaries between individual national economies. At the same time the export of direct and portfolio investments is internationalizing the problems and difficulties of capitalism, synchronizing crises and expanding the effect of the main contradiction of capitalism--between the social nature of labor and the private appropriation of the results of production.

Expansion of the American Monopolies

By virtue of its preponderant economic and S&T power the United States undoubtedly continues today also to head the process of internationalization of economic life in the capitalist world.

In the first postwar decades the United States' preeminent position in the world capitalist economy was indisputable and obvious. The war spared the United States serious competitors, but, as practice showed, not for long. The economic upturn of West Europe, the industrial market of Japan and the active intrusion of American TNC in the economy of the countries which are the United States' rivals on world markets changed this situation appreciably. The majority of leading capitalist countries, which had lagged in terms of labor productivity level behind the United States by a factor of 2-5 in 1950, had almost eliminated this gap by the start of the 1980's. In 1982 labor productivity in France constituted 95.5 percent of the U.S. level, in the FRG 93.8 percent and in Japan 74.5 percent. Most important testimony to the strengthening of the positions of America's competitors is the growth of their share on the continuously expanding world markets of the manufacturing industry product and their concentrated penetration of the just as rapidly expanding U.S. domestic market, where the share of foreign suppliers had as a whole more than doubled by the start of the 1980's.

For the American monopolies the 1970's were a period of a kind of agonizing reappraisal, when they had finally to recognize that they were not alone in the world. Their Japanese and West European competitors, on whom the United States had for a long time looked with unconcealed derision, had in many spheres of mass production reached the American S&T level and had in some surpassed it.

The shift observed in the 1970's in the correction of forces in favor of the EEC countries and Japan--in terms of the share in world capitalist production, relative significance in world trade and level of competitiveness, particularly in the traditional industrial sectors--brought about an abrupt increase in political and economic contradictions among the three centers of

imperialism. American hegemony in the capitalist world had been called in question. Furthermore, it was obvious that at least in the economic sphere the process of the increased independence of the two other imperialist centers had evidently assumed an irreversible nature.

The U.S. reaction to the changed situation was highly morbid and at the same time aggressive. There was a pronounced growth in the United States in spending on R&D, processes of a structural rebuilding of industry in favor of the science-intensive sectors accelerated and intensified and new methods of the stimulation of S&T progress emerged and were developed. The United States currently accounts for approximately half of all spending on R&D in the capitalist world. As the Soviet economists V. Kudrov and Yu. Bobrakov observe, "currently the United States' positions in the capitalist world are strengthening anew, seemingly. Furthermore, the United States has launched a fierce economic offensive against its allies."*

Ever increasing importance for the United States has been attached in recent years to the policy of the American economy's organic integration in the world capitalist economy. The domestic economic prerequisites of the United States' foreign economic expansion have undoubtedly improved. In terms of labor productivity growth in the material production sectors the United States is beginning to overtake its main competitors. The process of the accelerated development of the science-intensive sectors and the strict modernization of the traditional sectors of American industry has been stepped up. As a result of the policy of curbing the growth of American working people's wages the United States now occupies in terms of the level thereof ninth place in the capitalist world. There has been an appreciable reduction in the 1980's in unit product costs thanks to the effect of all these factors.

Approximately 9 percent of the country's gross domestic product and almost 30 percent of all material values produced in the United States is already sold on foreign markets at the present time. Machinery and equipment, including high-tech products (approximately 50 percent of total exports), and agricultural products (approximately 20 percent) constitute the basis of the American monopolies' export expansion. The conditions of the marketing of products of the high-tech sectors and American grain on world markets today are such that the sharp rise in the dollar's exchange rate in the 1980's has had only a limited influence on the level of American exports in these commodity groups.

By the mid-1980's the United States was accounting for approximately 20 percent of world capitalist exports of high-tech and science-intensive sector products. In exports of aviation industry products the share of the United States is 54 percent, telecommunications equipment 16 percent, computers of all classes 35 percent, component parts and spares for computers and office equipment 43 percent, IC's 19 percent, machine tools with programmed control 13 percent, medical equipment 39 percent and gas turbines 65 percent.

While importing, for example, a vast quantity of home electronics the United States remains the absolute leader in world capitalist trade in industrial electronics. Exports thereof from the United States are seven times greater than the corresponding Japanese exports. More than 80 percent of the

* SShA--EKONOMIKA, POLITIKA, IDEOLOGIYA No 5, 1985, p 49.

information equipment installed in West Europe at the start of the 1980's, including computers, had been made by American companies. Most important for the world-economic positions of the United States also is the fact that it accounts currently for approximately half of world grain exports. At the same time it is obvious that in virtually all traditional sectors, that is, those which are gradually aging, but which as yet constitute the bulk of contemporary industry--steel industry, auto manufacturing, ship building, machine-tool production, light industry and the production of many consumer durables and so forth--the United States is today losing the competition to competitors not only from West Europe and Japan but also from the "new industrial countries".

In recent years the United States' foreign economic policy has been concentrated increasingly consistently on undermining the agrarian protectionism in the EEC and the system of official support for exports in the leading West European countries, the removal of tariff and nontariff restrictions on Japan's market and a struggle against the protectionism of developing countries. It has to be seen that at least in respect of Japan and certain developing countries U.S. pressure has in recent years proven not entirely unsuccessful. The power factor plays the decisive part. Manipulating threats to restrict the access of Japanese goods to the American home market and also to limit or do away with the practice of duty-free imports of industrial goods from the developing states, Washington is forcing these countries to yield their positions step by step and ease the "closed" and protected nature of their national markets against American competition. The U.S. Administration, for example, openly rejects application of the "nonreciprocity" principle in respect of the developing states. Such a position is having a painful effect on these countries' interests inasmuch as over half their most promising exports--exports of industrial products--is currently channeled toward the U.S. market. The tremendous industrial and S&T potential of the United States is strengthening the American monopolies' hopes that under the conditions of the strengthening trend in the capitalist world toward a growth of the "openness" of the national economies market forces will continue to operate to their advantage, suppressing their competitors and, on the other hand, expanding the spatial opportunities for the international expansion of American imperialism.

In this connection particular attention is attracted to such a relatively new phenomenon in international economic life as the sharp growth of imports of commodities and services in the United States and the constant growth in recent years of the American balance of trade deficit, which exceeded \$120 billion in 1984 and \$140 billion in 1985. This is a far from simple phenomenon, and it would be unjustified when evaluating it to consider only the negative consequences of this "import boom". Undoubtedly, imports of cheap foreign commodities are having an oppressive effect on the traditional sectors of American industry, exacerbating the difficulties of the already painful process of the structural rebuilding of the American economy and the modernization of outdated processes. Estimates are encountered in the American press according to which by the start of the 1980's imports of producer goods (excluding automobiles) constituted approximately 44 percent of the corresponding supplies of American companies to the home market. In

respect of certain important types of product the proportion of imports in U.S. domestic consumption is even higher: in black and white television receivers, for example, it constitutes approximately 68 percent, radio receivers of all kinds 76 percent, stereo systems 77 percent and VCR's 100 percent. The rise in the dollar's exchange rate and the influx of imported commodities connected therewith cost the American economy, according to some estimates, 2-3 million lost jobs in the period 1980-1985. From this viewpoint the actions of the U.S. Administration, which in the 1980's (despite a number of protectionist restrictions adopted under pressure from sectors suffering particularly from foreign competition) has on the whole stuck to a policy not of curbing but, on the contrary, of encouraging imports, might seem utterly incomprehensible.

However, the determining role in this policy is evidently performed by different circumstances and considerations. First, imports make it possible to satisfy the requirements of the American economy which are less important from the viewpoint of S&T progress not at the expense of one's own but of foreign material-technical resources, intensifying and accelerating the processes of the transfer of American national capital to the more promising sectors. For example, according to the estimates of the Soviet economist S. Medvedkov, in the period 1972-1983 the growth of national production in the high-tech sectors of U.S. industry was secured to the extent of 22 percent by exports of their products to world markets and of 78 percent by supplies to the American home market. On the other hand, the expansion of U.S. domestic demand for these products was catered for by imports merely to the extent of 13.6 percent and to the extent of 86.4 percent by American company supplies. American exports of science-intensive products are considerably in excess of reciprocal imports. At the same time, however, practically the entire increase in American domestic demand for products of the traditional sectors was catered for in this period by supplies from outside.

Of course, this brought about a growth of the American economy's dependence on foreign suppliers. But this dependence is by no means one-sided, and supplies to the American market currently mean for the economy of the United States' foreign partners no less, if not more than for the United States itself. When evaluating the United States' foreign economic positions we should also consider the fact that since 1974 the proportion of oil imports in the United States' energy "budget" has declined from 26-27 to 17 percent and that in respect of 93 strategically important types of mineral and agricultural raw material strategic reserves sufficient for a minimum of 3 years of "emergency" have been created or are being created in the United States.

Second, the U.S. Administration is evidently deliberately sticking to a kind of "stick policy" in respect of a number of aging sectors of American industry or those which are "changing too slowly" (steel and auto manufacturing, for example), employing unrestricted or only partially restricted imports of cheap foreign products as a compulsory stimulus to their modernization. This is a strict and socially ruthless policy. But capitalist streamlining of production based on the action of market forces cannot by its very social nature be different.

Third, we should not lose sight of the fact that in a considerable proportion thereof American imports today are not imports in the strictly economic sense of the word but merely materialized relations between the United States' "first" and "second" economies. According to a number of estimates, the American TNC not only cater for a minimum of three-fourths of the country's exports but also control up to 60 percent of U.S. imports. No less than 40 percent thereof are intracompany supplies of American TNC from their overseas affiliates, in respect of commodity groups which account together with oil for the bulk of the United States' deficit balance of trade--automobiles and electronic components--included. It is indicative, for example, that fifth place behind four Japanese automobile companies among the biggest importers of automobiles in the United States is occupied by General Motors.

Fourth, cheap imports have become an important factor of the lowering of the United States' inflation in the 1980's. According to certain estimates, given preservation of the dollar's exchange rate and, correspondingly, import prices at the 1980 level, the rate of growth of domestic prices in the United States would be 5 percentage points higher than today. The American defenders of "free trade" are making particularly active use of this argument inasmuch as it is certainly more comprehensible to the country's public at large than any other.

Fifth and finally, the present "import boom" is undoubtedly entirely in keeping with the long-standing and regrettably well-known American tradition of paying with "greenbacks" for perfectly real material values. Many people certainly still remember the indignation of Gen C. de Gaulle, who rightly believed that the offensive of a totally unsupported dollar on world markets had enabled the United States in the first postwar decades to appropriate an unjustifiably high proportion of world wealth. The present U.S. trade deficit is being paid off by essentially the same method by which the United States' diverse military and other overseas outlays were cleared at that time. The only difference being that at that time this money remained predominantly on the Eurodollar market and is now returning to the United States inasmuch as the bulk of the dollars issued to cover the imbalance in the American balance of trade settles in one way or another in the United States, being converted into treasury bonds and other securities. Economically this means obtaining foreign material values--automobiles, steel, machine tools, oil and such--in exchange for "America's word". As yet this "word" has real weight. But where are the guarantees that the United States will not at some time go back on it, as was essentially partly the case in 1971?

The advantages of mass and cheap imports evidently as a whole still outweigh for the United States the costs connected with the dollar's exchange rate, which has increased sharply in the 1980's, and, consequently, the deterioration in the competitive positions of a significant proportion of American exports. This is all the more the case in that thanks to the important changes under way in the international movement of capital the United States has recently acquired a unique opportunity to conduct its foreign economic business virtually without a glance even at the state of its balance of trade and even the balance sheet of current transactions. Under current conditions the United States' current balance of payments can hardly now be seen as a synthetic

indicator of this country's positions in the world capitalist economy, and the size of the current final balance can no longer today provide even an approximate answer to the question of the actual nature of the situation taking shape in its foreign economic sector.

In 1985 the United States changed from being a major world creditor to an international debtor. In 1986, if present trends continue, the United States will become a major world debtor, and in 1990 the United States' debt to the rest of the capitalist world could amount to \$1 trillion. So abrupt an excess of foreign investments in the U.S. economy over American investments overseas is a major event in the economic history of world capitalism. And the significance of this event is so great that it is only possible today to guess at the consequences for the rest of the capitalist world to which it could ultimately lead.

The process of the conversion of the United States into a major world debtor does not mean, of course, that there has been some in any way appreciable slowing of the export of American productive and loan capital. A certain decline in the United States' role as the main exporter of capital has indeed been observed in the 1970's-1980's it is true: whereas in the 1960's it accounted for approximately 65 percent of annual exports of direct investments, at the start of the 1980's it accounted for 28 percent, and in 1982, for example, there was even an absolute reduction in American direct overseas capital investments. However, even today the United States accounts for approximately 42 percent of direct overseas investments in the world, whereas the EEC countries account for 33 percent, Japan 7 percent and the developing countries 3 percent. Direct American overseas investments are in excess of \$230 billion, three-fourths of these being accounted for by the developed capitalist countries and one-fourth by developing states. This "second economy" of the United States is comparable in terms of size to the economy of such a major state as the FRG. American capital investments have penetrated deep into the economic life of the host countries, primarily Canada and the West European and Latin American states. The American TNC are increasing their overseas investments here primarily in progressive science-intensive and technology-intensive sectors, which largely determine the prospects of the further economic and S&T progress of the host countries, which is inevitably increasing their many-sided dependence on American imperialism. It is the American TNC which are, for example, the main exporter of technically advanced products from such countries and territories as Mexico, Brazil, South Korea, Taiwan, Hong Kong and Singapore.

The scale of the production of some American TNC like, for example, Exxon, Mobil Oil, Texaco, General Motors and Ford Motors amounts to \$40-110 billion a year, which is considerably in excess of the gross domestic product of the vast majority of individual capitalist countries. As many workers are employed currently at overseas American manufacturing industry enterprises as in the manufacturing industry of France and Italy as a whole and considerably more than in Spain, Canada and Sweden. Despite the marked strengthening in the past 15 years of the West European and Japanese TNC and also the appearance of TNC in the "new industrial countries," almost half of such corporations in the capitalist world are American, which are still superior to their main competitors in terms of scale of activity, S&T potential and capacity for foreign economic expansion.

Profits on direct overseas investments are a most important source of the financing of the United States' economic development: they currently constitute up to one-third of American corporations' total profits. In the developed capitalist countries only approximately one-half of the profits from the capital investments of the American TNC is reinvested locally, the other half is transferred to the United States. Even more obvious is the exploiter essence of the export of American capital to the developing countries. Despite the fact that only one-fourth of the United States' direct foreign investments is invested in the young states, they account for up to one-half of total transferred profit. It is for this reason that the administration is today making such persistent efforts to make the American TNC's direct investments, the influx of which into the developing countries has for a number of reasons, political included, slowed somewhat recently, the basic component of the entire system of its economic relations with the developing world.

Essential changes in the export of capital from the main imperialist states began to appear approximately as of the start of the 1970's. The export of capital in loan form, that is, international credit, is moving to the forefront. A highly developed international financial market has taken shape in which supply and demand for loan capital within the confines of the entire world capitalist economy are concentrated. The biggest private commercial banks, U.S. banks primarily, predominate in this market. Transnational banks have now in fact become a basic component of capitalism's current currency-finance system.

The international assets of U.S. banks and their overseas branches currently constitute more than 60 percent of total international credit. Relying on the might of its banks, the United States has been able to take advantage with the greatest profit of the general trend toward an increase in the role of international credit in capitalist reproduction. The income of the biggest American banks from overseas transactions is today roughly equal to their domestic income and constitutes a most important item of the proceeds of the United States' balance of payments. At the same time international credit is becoming an increasingly important instrument of the United States' political and economic pressure on other states, primarily the developing countries, for which today indebtedness to foreign (predominantly American) banks has become economic problem No 1.

The international expansion of American banks is based not only on their own financial resources. The United States is pumping across its national financial market foreign savings in an increasingly large volume, transforming them and returning them to the international market in the form of bank credit. This essentially brokerage activity between creditors and borrowers from foreign states is bringing the American banks additional profits.

The constantly growing influx of profits from direct and portfolio overseas investments and interest on overseas bank assets is increasing the United States' national income and enabling it to compensate to a considerable extent for the country's trade deficit, which has increased sharply in recent years. In 1983, for example, all types of proceeds from foreign investments constituted 23.3 percent of the income side of the country's current transactions

balance sheet and, thanks to the more profitable structure of American overseas investments, were still greater than reciprocal payments on foreigners' investments in the United States. Combined with the concentrated involvement of foreign capital in the American economy, which has intensified particularly in recent years, this is making the United States' foreign economic position today largely independent of the value of its customary export proceeds.

The scale of the current influx of foreign capital in the United States is undoubtedly a consequence of a phenomenon which is historically unprecedented in this country: experiencing an ever increasing need for resources to cover the constantly growing military spending, the American leadership has in recent years virtually squeezed private borrowers from the domestic credit market. Federal government bonds born of the budget deficit currently account for approximately 70 percent of all private savings in the country, whereas in the 1960's they accounted for approximately 17 percent and in the 1970's approximately 25 percent. But even the domestic credit resources are insufficient, and the U.S. Administration is attempting to transfer the solution of this problem to other states. In the last 2 years the influx of foreign investments has been at the level of half of total net capital investments in the U.S. economy. And approximately 17 percent of the American national debt currently belongs to foreigners.

The pumping of financial resources from overseas on such a scale is being secured by the high trust of foreign investors seeking a tranquil place for their capital in the American economic and political system; the artificially high interest rates in the United States guaranteeing these investors an income 2-4 and sometimes more percentage points higher than at home; the cancellation of taxes on income from bonds belonging to foreigners; the overstated exchange rate of the dollar, which is enabling foreign owners of "hot money" to obtain speculative profit from the purchase of the increased-value dollars; and, finally, by the high profitability of direct foreign capital investments in the U.S. economy, which as a whole now constitute almost half the value of direct American overseas investments. The combination of these conditions has led to foreign investments in the country now exceeding for the first time since 1917 American capital investments overseas: the corresponding indicators in 1985 will evidently amount to \$980 and \$940 billion. The mass "enticement" of capital to the United States has become a most characteristic singularity of the 1980's.

"The U.S. federal budget deficit, which has been brought about primarily by the gigantic growth of military spending," Academician G.A. Arbatov emphasizes, "has become a global problem."* It has to be seen that neither the American economy nor international economic relations can develop infinitely on such an unsound basis. The United States is currently swallowing up approximately 15 percent of the savings of the entire capitalist world. The arrival of a time when neither the domestic credit resources of the United States nor the savings of other capitalist countries will be sufficient for

* SShA--EKONOMIKA, POLITIKA, IDEOLOGIYA No 6, 1985, p 42.

financing America's national debt is inevitable. The arms race, the unprecedented growth of the budget deficit and the national debt, the unjustifiably high level of interest, which is paralyzing borrowing by private businessmen on the domestic market, living "at others' expense"--all this is undermining the normal possibilities of growth of the American economy and preparing the ground for a new economic crisis, which will inevitably affect other capitalist countries also. And it can by no means be ruled out that a mass outflow of foreign capital from the United States could serve as the start of such a crisis.

The United States is meanwhile availing itself in full of the current international economic situation, which is in its favor. The first signs that the practice of recent years is beginning to exhaust itself have appeared, however. Together with the decline in the interest rate which has begun to show, as of the fall of 1985 the U.S. Administration has been making special efforts to lower the dollar's exchange rate to strengthen the positions of its exporters and counter the pressure of influential forces in the United States advocating increased protectionism.

But what next? The U.S. Administration is evidently hoping that the structural rebuilding of U.S. industry which is currently under way will be over before the need to live within one's means, that is, before the start of a new mass flight from the dollar, makes itself felt with full force. Under the conditions, however, of a decline in the dollar's exchange rate and a withdrawal of capital trade expansion could be the central direction of the United States' foreign economic policy. It cannot be ruled out that the American monopolies, relying on the newest sectors of industry, will not attempt to strike a new blow at their rivals, launching an offensive on the world high-tech markets.

World-Economic Consequences of the United States' Foreign Economic Policy

The growing influence of the American monopolies' foreign expansion is being perceived today in literally all spheres of the world capitalist economy and capitalism's international economic relations. But, it would seem, the most important changes have begun to show here in the following.

First, once again, but on a new political and economic basis now, there is a revival of the situation in the 19th century, when the material-technical and, particularly, financial resources of the rest of the world were a decisive, if not the decisive, factor of the United States' rapid industrial progress. The United States' "second economy" and the active use of the industrial possibilities of other states are enabling this country to concentrate its domestic efforts to an increasingly great extent in the main areas of S&T progress, ensuring that foreign sources cover a considerable proportion not only of its energy-raw material requirements but also its need for ordinary, traditional industrial products and even the products of certain science-intensive sectors already constituting, however, mainly the past from the viewpoint of the prospects of the S&T revolution. The resources of the rest of the capitalist world are being pulled increasingly actively and increasingly directly into the reproduction process in the United States. The scale of the exploitation of the entire capitalist world by the American

monopolies has acquired a qualitatively new nature in recent years in connection with the mass influx of foreign capital into the U.S. economy and the gradual conversion of this country into a major international debtor. All this is undoubtedly expanding the international base of American imperialism and at the same time deepening the antagonism between its selfish interests and the national interests of the overwhelming majority of industrial capitalist and developing states, for which such a trend means primarily an obvious limitation of their own possibilities of economic and social progress.

Second, relying on its predominant economic power, the United States is attempting with increasing persistence to reorganize world trade and the currency-finance system on principles corresponding to the greatest extent to the spontaneity of competitive struggle, the strengthening of the strong thanks to the destruction of the weak and the removal of various protective and regulating national measures limiting the destructive effect of international market forces and contributing to a certain extent to progressive socioeconomic changes both in the industrial capitalist countries and in the developing states. It is at this that the persistent struggle of the United States (within the GATT framework included) against any attempts to protect sectors of the economy which are important, but which are experiencing difficulties in the countries which are its main rivals and also the industry which is springing up in the developing world is aimed. Such an approach also characterizes the United States' line of behavior in respect of the long urgent reform of the world currency-finance system, particularly such important aspects of it as the need for a transition from "floating" to more or less stable currency exchange rates and ways of doing away with the developing countries' debt crisis. In both cases the United States is essentially proposing continued reliance on the effect of market forces at the present stage corresponding primarily to the interests of American imperialism. In the solution of the problem of international debt, for example, the United States and the IMF which it heads see just two ways: removal of the impediments to imports of foreign capital and, on the other hand, a sharp reduction in public spending in the developing countries and all forms of state intervention in their economy, which would not correspond to the strict criteria of capitalist rationality.

Third, in recent years the United States, relying predominantly on the effect of market forces, has evidently succeeded in lessening somewhat the intensity of the developing countries' struggle for a fundamental reorganization of international economic relations. A most important part here has been played by the collective efforts of the United States and other leading oil importers among the developed capitalist countries for the purpose of undermining OPEC's positions and turning the international oil market from a "seller's" to a "buyer's market". The redistribution of the newly created revenues from the world centers of capitalism in favor of the oil regions of the developing world which had begun to appear has now been limited to a scale which as a whole is evidently to the liking of the leading imperialist powers, contributing to the continued rebuilding of their energy facilities, a further reduction in their economy's energy consumption and the development of national energy sources. At the same time it has to be seen that the present situation has weakened the role of the most powerful and, possibly, sole effective tool of economic pressure on imperialism on the part of the movement for a new world economic order, leaving it with predominantly moral-political means of achieving the proclaimed goals.

Fourth, the United States' attempts to halt the deterioration in its positions in the world capitalist economy which began to show in the 1970's and, more, turn back this trend have led to a new exacerbation of the competitive struggle among the three centers of imperialism, particularly in such directions thereof as competition on the markets of science-intensive products (and also in certain important traditional sectors), and an endeavor to win at the expense of the rivals the maximum opportunities for the foreign economic expansion of its national monopolies. New shifts in the correlation of forces among the leading imperialist powers are occurring. The greatest importance, probably, in this process today is attached to the intensifying rivalry between the United States and Japan. As V.I. Lenin wrote, "finance capital and the trusts are not easing but increasing the differences between the rapidity of the growth of different parts of the world economy. And since the correlations of power have changed, to what, UNDER CAPITALISM, can the solution of a contradiction other than POWER consist?"*

Attention is called in this connection to the fact that, despite the sworn assurances of the present U.S. Administration concerning its adherence to the market and market methods of controlling the economy, when it is profitable to it, it by no means stops short of flagrantly political, administrative intervention in market processes, on the international scene included. It is a question in this case not of a strengthening of the role of interstate regulation in the world capitalist economy and, particularly, not of such instruments thereof as, for example, annual economic meetings of leaders of the "seven," at which recommendations are as yet being adopted and not economic directives binding for all. It is a question of the U.S. Administration's increasingly frequent use of purely political levers to strengthen the positions of American imperialism in its struggle against its leading competitors--the EEC countries and Japan. It is among such attempts that we should undoubtedly put the recent campaign against the building of the Siberia-West Europe gas pipeline, the plan for which had been adopted by the West European countries concerned primarily from competitive considerations; the U.S. Congress' enactment of a law in which an undoubtedly extraterritorial nature is imparted to prohibitive measures in respect of American exports of high-tech products; the U.S. Administration's increasingly frequent attempts under the pretext of the "Soviet threat" to make use of Japan's S&T potential for its military-industrial purposes; and, finally, the Reagan administration's widely publicized offer to its allies to take part in the preparations for "star wars" and thereby put their national production and S&T possibilities at the service of the United States.

U.S. policy is becoming increasingly often today a source not only of political but also economic tension in the world. In practice it is not only not smoothing over but, on the contrary, exacerbating the contradictions of the world capitalist economy and undermining its stability. As the new version of the CPSU Program emphasizes, "no modifications" and maneuvers of contemporary capitalism will cancel nor can they cancel the laws of its development and cannot remove the acute antagonism between labor and capital and between the monopolies and society and extricate the historically doomed capitalist system from the state of all-embracing crisis. The dialectic of development is such that the very means which capitalism sets in motion to strengthen its positions will inevitably lead to an exacerbation of all its deep-lying contradictions."

* V.I. Lenin, "Complete Works," vol 27, p 394.

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U.S. CLAIMS THAT SDI IS 'DEFENSIVE' REFUTED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 4, Apr 86 (signed to press 19 Mar 86) pp 71-77

[Article by V. Davydov: "'Star Wars' Against Nuclear-Free World"]

[Text] The task of elimination of nuclear weapons occupies the central place in the struggle to eliminate the thermonuclear threat. The program of creating a nuclear-free world and of completely freeing the earth all nuclear weapons in the next 15 years by the end of this century, proposed by the Soviet Union, is aimed at accomplishing this task.

The United States officially declares that it also favors the elimination of nuclear weapons from the face of the planet and their complete liquidation everywhere. Washington claims that the "Strategic Defense Initiative" (SDI) program is aimed precisely at this goal.

Outlining this idea in his speech in March 1983, President Reagan emphasized that its implementation would make nuclear weapons "powerless and obsolete" and thereby open up the road to the liquidation of nuclear arsenals. Since then American propaganda has not ceased to claim that SDI is allegedly a "nonnuclear defense program" and that it allegedly "corresponds to mankind's dream" of delivering the world from the threat of nuclear annihilation. "The goal of SDI," C. Weinberger, U.S. secretary of defense, proclaims, "is a world free from nuclear threats and this goal corresponds to the interests of all peoples."

In his "State of the Union" message on 6 February 1986, President R. Reagan stated: "The new technology that is transforming our life can also solve the greatest problem of the century. The security shield can make nuclear weapons obsolete some day and deliver mankind from the fear of them."

But what would the implementation of the "star wars" program really bring to peoples and what consequences can it have for nuclear disarmament and for the elimination of nuclear threat?

In the mid eighties the American ruling circles elevated the program of militarization of outer space to the level of a paramount task of the country's state policy in the period to the end of this century. It is true that Washington leaders themselves do not like the term "star wars" because it expresses too frankly the essence of the sinister plans of militarists. They prefer to speak about the "Strategic Defense Initiative." The creation ((sozdaniye)) of a comprehensive antimissile defense system that would be able to screen, as Washington claims, the entire territory of the United States against the "enemy" missiles has been proclaimed as the most important goal of this "Strategic Defense Initiative." It is proposed to place a considerable part of this system in outer space and this part is expected to include new antimissile weapons based on new physical principles (lasers, particle beam weapons, and so forth). Thus, what is involved is the deployment ((razvertyvaniye)) of a large-scale antimissile defense system including space-based elements.

Enormous funds (to the tune of \$26 billion) have been allotted for the period of preparations for the creation ((sozdaniye)) of this system during the next 5-year period. On the whole the total funds for this purpose may amount to \$1 trillion. And in this connection the Pentagon is already spending these funds not only for the scientific research development ((nauchno-issledovatel'skaya razrabotka)) but is also placing orders with military-industrial concerns for individual elements of the future system. Thus, in January 1984 R. Reagan signed the Directive No 119 which envisages the appropriation of \$2 billion for the development ((sozdaniye)) of laser, particle beam, and kinetic weapons.

Research and development is in progress on a wide front to create ((sozdaniye)) experimental models of the individual elements of a comprehensive ABM system. It is planned to test these elements to demonstrate how the entire system will "work out." The ASAT antisatellite complex based on the F-15 aircraft equipped with SRAM-Altair missiles, designed to destroy targets at altitudes of up to 1,000 km, was already tested more than once in 1984 and 1985. This is an offensive weapon. "The creation ((sozdaniye)) of antisatellite forces would make no sense for the United States if it were not planned to carry out the first strike, to start a nuclear war," Kerris, author of numerous research works in the sphere of military space programs, has said in this connection. In 1985 a ballistic missile was destroyed for the first time by means of a laser device at the Kwajalein atoll in the Pacific ocean. The strictly secret flights of the Discovery, the reusable piloted space ship of the Shuttle type, are also assuming more and more a military orientation.

Special command posts and control centers for space-based military means are also being created ((sozdavat)). Thus, the White House has decided to form a united space command of the U.S. Armed Forces and to grant this command broad authority ranging from theoretical research projects and planning to direct use of military space systems. The united command will be the main but not the only command. For instance, the Air Force has had its own corresponding organ, the Space Command, already for a long time, and the Navy has its own Naval Space

Command. This fact confirms that Washington official circles are forming the command and staff structure to ensure the operations in outer space. The Pentagon is carrying out these measures with the aim of placing various elements of the antimissile defense system in outer space as early as by the end of this decade.

Trying to neutralize the opposition to the military space plans both within the country and abroad, Washington has launched a broad propaganda campaign by which it tries in every way possible to justify its policy of militarization of outer space. And in this connection the main emphasis is placed on presenting the creation ((sozdaniye)) of a comprehensive ABM system including the space-based elements as a means of neutralizing the nuclear threat. It is claimed, for instance, that a comprehensive ABM system will make it possible to move from the strategy based on the threat with offensive power to a defensive strategy that "would threaten no one," and that this will allegedly make it possible to achieve a "more stable deterrence."

However, in reality, the state of affairs is quite different. The United States and the USSR have had their nuclear weapons for 40 years and during this entire time the Soviet Union has been forced to provide an appropriate answer to the challenge from the United States. The strategic parity, achieved at the beginning of the seventies, has deprived the United States of the possibility to blackmail others with nuclear threat with impunity. The fear of retribution and of retaliatory actions has become one of the main factors of counteraction against the nuclear adventurism of American military circles. It goes without saying that the strategic situation in which the two nuclear powers could carry out "assured destruction" of each other and of the entire world has never been acceptable for the USSR. Precisely for this reason the USSR has resolutely advocated and continues to advocate a complete and unconditional renunciation of the use of nuclear weapons and a radical lowering of the level of military confrontation by means of limitation and reduction of nuclear weapons.

In the seventies the USSR and the United States reached a mutual understanding that, under the conditions of strategic parity, the acquisition by one of the sides of additional defensive potential would be equivalent to its acquisition of the potential of a forestalling and disarming nuclear strike. The recognition by both powers of interconnection between the offensive and defensive strategic systems found its expression in the conclusion of the Treaty on the Limitation of Anti-Ballistic Missile Systems and the Interim Agreement on Certain Measures With Respect to the Limitation of Strategic Offensive Arms. The ABM Treaty has become the basis of the entire process of limitation and reduction of nuclear weapons. It is stated in this treaty: The sides proceed from the assumption that "effective measures to limit anti-ballistic missile systems would be a substantial factor in curbing the race in strategic offensive arms and would lead to a decrease in the risk of outbreak of war involving nuclear weapons."

Now there are some in Washington who try to present the matter differently by claiming that earlier the sides allegedly did not reach this conclusion as a result of their recognition of the role of the ABM system as a catalyst of the arms race but only as a result of the absence at that time of technological possibilities for the creation ((sozdaniye)) of any effective ABM systems.

But in reality, according to the views of an overwhelming majority of Western and Eastern experts, the interconnection between the offensive and defensive systems objectively exists and has a lasting character. It will also not disappear as a result of new possibilities for the creation ((sozdaniye)) of technologically more perfected and effective ABM systems. On the contrary, the creation ((sozdaniye)) of these systems would even more noticeably influence the correlation between the forces of the sides and would make this correlation extremely unstable.

Thus, the implementation of SDI threatens not to strengthen but, on the contrary, to undermine the strategic stability. There is every reason to appraise the creation ((sozdaniye)) of an "antimissile shield" as a striving to gain the possibility for carrying out a nuclear attack under its cover and thereby also the possibility for neutralizing the retaliatory retribution strike. G. Keyworth, former adviser to the President for "star wars," attested to the existence of these calculations when he stated in January 1986 that SDI can place over the USSR strategic forces a special kind of a "cap" which they will not be able to penetrate. The Pentagon's plans to create ((sozdavat)) antimissile complexes, first and foremost, above the missile silos and not above civilian targets also attests to this.

In striving to confuse the public, Washington states that the SDI program will be implemented exclusively within the framework of research and development projects which for the time being involve no real threat of a practical deployment of any comprehensive ABM system, and do not violate any of the existing bilateral or international commitments of the United States. However, it is clear that they certainly are not spending billions of dollars for the love of science and technological discoveries. For instance, the Manhattan Project of the development of the atomic bomb cost \$15 billion. In the period from 1954 to 1983 the United States spent \$40 billion for all the research projects in the sphere of rocket technology. The tests of elements of the large-scale ABM system, which the Pentagon is already carrying out or is planning to carry out, are aimed at creating the conditions in which the only thing left to do would be the necessary political decision on the practical deployment of appropriate weapons.

The advocates of SDI are not stopped by the fact that the creation ((sozdaniye)) of an ABM system involving space-based elements could cancel out the fundamental provision of the ABM Treaty, that is, the commitment of the sides to refrain from developing ((sozdavat)) antimissile defense systems for territories of their countries.

Other currently existing multilateral agreements, such as the 1977 Convention on the Prohibition of Military or Any Other Hostile Use of Environmental Modification Techniques and especially the 1967 Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, Including the Moon and Other Celestial Bodies, may also be jeopardized. Thus, article No IV of the 1967 Treaty precisely states: "States Parties to the Treaty undertake not to place in orbit around the Earth any objects carrying nuclear weapons or any other kinds of weapons of mass destruction, install such weapons on celestial bodies, or station such weapons in outer space in any other manner." In December 1985, that is, at the time when the Soviet Union observed a moratorium on nuclear tests, an underground nuclear explosion code-named "Goldstone" was carried out in the state of Nevada. The explosion

was carried out to test ((otrabatyvat)) the so-called nuclear-pumped X-ray laser, fed by the energy of nuclear explosion, which is being developed ((sozdavat)) within the "star wars" program and is intended for use in outer space as a means of destruction against the strategic ballistic missiles, their warheads, satellites, and other targets in outer space.

This action was a direct result of the Directive No 172 that had been adopted by the National Security Council on 30 May 1985 and which outlined the SDI tasks. This Directive officially stated for the first time that nuclear weapons may be one of the elements of the "star wars" program. "We will continue to study the promising concepts that propose the use of nuclear energy for setting in motion the devices that are capable of destroying ballistic missiles," this document stated. The claims of American propaganda that SDI is allegedly a "nonnuclear defense program" appear simply laughable in the light of these goals and in the light of the "Goldstone" test. It is perfectly obvious that the realization of SDI will lead to the liquidation of the nuclear-free status of outer space, which was guaranteed by the 1967 Treaty, and to spreading the nuclear arms race to outer space and celestial bodies.

Preparations for "star wars" will sharply intensify the danger of proliferation of nuclear weapons among those countries which have not yet abandoned their attempts to acquire these weapons. The apologists of SDI claim that the implementation of SDI will in principle eliminate the need to acquire modern intercontinental missile delivery vehicles: It will be enough for "threshold" states to have aircraft in order to threaten with their nuclear weapons. It is no accident that Israel, persistently refusing to sign the Treaty on the Non-Proliferation of Nuclear Weapons, is interested in SDI. At the same time, the participation of other industrially developed countries (for instance, the FRG or Japan) in the American program may enable them to gain access to space-based nuclear weapons.

The militarization of outer space will jeopardize the entire international legal system that for the time being still curbs the military activity of states and it will lead to a situation in which it will become altogether impossible to achieve constructive accords on the limitation, reduction, or elimination of nuclear weapons.

In his answers to questions from the newspaper L'HUMANITE, M.S. Gorbachev pointed out: "...By implementing the 'star wars' program, Washington essentially and deliberately aims at wrecking the currently held negotiations and at making null and void all the existing agreements on arms reduction. If this happens, the USSR and the United States, their allies, and the entire world will find themselves already in the coming years in the situation of absolutely uncontrolled arms race, strategic chaos, undermined stability, and general uncertainty and fear and, connected with all this, increased risk of a catastrophe."

II

In planning "star wars," Washington strives to involve its NATO allies and Japan in the implementation of these dangerous plans. This striving is dictated by the aspiration to win political support in the international arena and to present its program of militarization of outer space as a general platform of the North Atlantic bloc. The United States is also not averse to "sharing"

the material burden with its partners and to using their scientific-technological potential. There is yet another reason for involving the allies in SDI: Washington has not renounced the idea of waging "limited nuclear wars" beyond the shores of the American continent.

Striving to camouflage these intentions, Washington official circles have engaged in most intensive efforts to persuade the allies. There has been an outpouring of promises to conclude advantageous contracts with them and to extend the "defense shield" to them. C. Weinberger, secretary of defense; and his assistant R. Perle; General J. Abrahamson, director of the organization for the implementation of the SDI program; B. Rogers, commander-in-chief of the NATO armed forces in Europe, and other officials have joined the "brainwashing" campaign.

Addressing a meeting of military experts of NATO member-countries in London, B. Rogers appealed to them "not to reject this initiative out of hand." It turns out that its "usefulness" lies in the fact that it represents an initiative which "for the first time can be used not against strategic or intercontinental missiles, as has been widely reported, but against smaller missiles that would represent the decisive factor in a military conflict in Europe." It turns out that SDI has also been planned to "protect" the Western European allies. The special pamphlet entitled "The Strategic Defense Initiative of President Ronald Reagan" promises Western Europeans that the "defense systems have the potential capable of intensifying deterrence against nuclear and nonnuclear attacks on the allies." However, even official representatives of the United States are unable to prove this. Addressing a meeting of journalists of NATO member-countries, C. Weinberger was compelled to admit: "The Strategic Defense Initiative will not put an end to wars and it will not be effective, for instance, against bombers... or against low-flying cruise missiles. It also is not designed for this purpose as the name itself indicates."

At the same time, the American champions of "star wars" intentionally gloss over the role which the numerous American nuclear weapons systems deployed in Europe and other regions of the world are designed to perform. The fact that SDI will not lead to their elimination is clear to Western Europe and Japan. Speaking at the Royal Institute for International Relations, E. Heath, former British prime minister, directly said: "The star wars program will not deliver the world from nuclear weapons." But if this program is realized, the role of the "forward based" systems, located in Europe and Asia, in the Pentagon's plans for waging nuclear wars in foreign territories will sharply increase. Essentially, the "star wars" program represents a logical continuation of Washington's policy of deploying first-strike missiles, the Pershings, the Tomahawks, and various systems of tactical nuclear weapons in Europe and Asia.

In its article entitled "Bluff from Washington," published on 3 March 1985, the journal STERN ridicules the claims by the United States that its space-based weapons will allegedly prevent nuclear wars on earth and particularly in Europe: "The search for means by which it would be possible to reduce the threat of nuclear war gives the American President no rest. He promises us 'new hopes

for our children in the 21st century.' He intends to 'wipe nuclear weapons off the face of the earth.' U.S. President Reagan plans a world in which all sudden nuclear attacks will be neutralized by means of an antimissile system deployed in outer space. Allowing that the Americans will really succeed in creating ((sozdavat)) such a weapon system (something about which the competent critics of these plans still have their doubts at present), then this system will--according to Reagan's own words--destroy exclusively those types of weapons which threaten the American continent more than anything else, that is, the Soviet intercontinental missiles. These ballistic missiles would become 'unnecessary and ineffective' in this case.

"...However, Reagan's 'Strategic Defense Initiative' will not stop a single bomber, a single cruise missile, or, even less, a single soldier who will penetrate through to some bridge with a nuclear mine in his backpack. In precisely the same way the antimissile system cannot hurt a 155-millimeter nuclear shell that has been launched (the Bundeswehr alone has 580 howitzers with an 18-km firing range).

"Even in the distant future there are no chances," STERN continues, "that the planned space-based antiaircraft guns ((zenitnaya ustanovka)) will ever take aim at low-flying delivery vehicles of nuclear weapons because all the utopian laser batteries and guns, shooting particle beams and light rays, about which the Americans are dreaming, show their lightning-speed destructive power only in the atmosphere-free outer space. Cruise missiles and Phantom fighter-bombers are well-protected against them. Briefly, the threat of nuclear war will continue to exist."

The persistent propaganda of "star wars" and "antimissile shield" is strikingly reminiscent of the advertising that Washington devoted to nuclear weapons in the first years after World War II. At that time the American military circles advanced such arguments as those claiming that the "nuclear hammer" would make the conventional armed forces unnecessary and that every company commander, every warship captain, and every fighter-bomber pilot would be given his own nuclear weapons, and all divisions could be disbanded. At that time there were discussions in the United States about "disarmament in the sphere of conventional arms" and about "economizing" billions in funds.

It is well-known to everyone how the matter developed further. Company commanders and aircraft pilots in fact began to be supplied with nuclear weapons, ranging from Davy Crockett nuclear rocket launchers to air-to-air Jenny missiles. However, during the aggressions in Korea and Vietnam the Americans discovered that nuclear weapons can by no means replace conventional forces. In the end the NATO partners of the United States had to pay for the maintenance of the expensive conventional forces and for nuclear weapons. The question that is asked in Western Europe is: "Will not something similar also happen in the case of 'star wars' plans?"

STERN is convinced that this is how it will be: "Ronald Reagan and his followers will install their space-based artillery and, at the same time, they will continue the development of those nuclear weapons which can be guaranteed the protection against attacks from outer space. And because Moscow will not want to lag behind and will keep pace, we will again have the arms race in the end, that is, nuclear weapons nearly in the same form as previously, and, in addition, also space-based weapons."

Western Europe could not but notice that Washington's persistent official assurances that the "antimissile shield" will allegedly also cover NATO allies are designed to conceal the American militarists' main calculation to remove the nuclear threat from the territory of the United States itself and to limit a possible nuclear war to the territories of other states. Of course, this circumstance has not escaped the attention of official circles of Western European countries. J. Quiles, French minister of defense, said in December 1985: "If the 'star wars' concept continues to be developed, an additional serious danger of conflict will arise and it will be especially serious for us, the French people, and for all Europeans because this concept does not apply to Europe. For, Europe is within the reach of weapons that have a range of only a few hundred kilometers."

The growing opposition to the "star wars" plans in Western Europe and Japan has compelled Washington to intensify its efforts to convince its main allies. However, only Britain and the FRG, the main allies of the United States in the North Atlantic bloc, have decided to join SDI in defiance of the will of opposition parties and an overwhelming majority of people of their countries.

A majority of other allies has responded with a formal rejection. However, their unwillingness to participate in the American program is not stopping the U.S. military circles. The Pentagon does not hide the fact that some individual elements of the program, such as, for instance, laser guns, may be set up not only in Alaska but also in the territories of other countries. As the Pentagon's report to the Congress on the draft military budget for the 1986 financial year points out, this year the installation of a large radar station will be completed in Thule (Greenland) and a start will be made to fundamentally modernize the radar station in Fylingdales Moor (Great Britain). The airfields on Easter Island in the Pacific Ocean and on the Falkland (Malvinas) Islands in the Atlantic Ocean are being adapted to enable them to receive space ships. According to calculations by Pentagon specialists, the existing infrastructure in partner countries should be integrated in the "star wars" program. In this way the Pentagon is de facto planning to use its installations in the territories of other countries without even letting them know about their involvement in its outer space adventures.

The large-scale antimissile defense of the United States is conceived as a "shield" under the cover of which it will be possible, according to the ideas of its creators, to carry out the first strike against the USSR and its allies. It goes without saying that the American medium-range missiles deployed in Western European countries would also be brought into operations. But the protection against a retaliatory strike is envisaged only for the territory of the United States itself. And no matter how those on the other side of the ocean may try to declare their concern for the "defense" of Western Europe, these assurances can scarcely deceive anyone. And even the Pentagon's own specialists who are directly responsible for the large-scale ABM program are frankly admitting more and more often that their entire outer space undertaking is designed, first and foremost, to cover the bases of American strategic missiles, that is, as a means to gain strategic superiority over the USSR and ensure the possibility for carrying out a surprise strike.

There are no "echelons" in the American "antimissile umbrella" for defending the NATO allies and Japan. Therefore, the statements by representatives of the ruling circles of the latter in support of the Pentagon's plans demonstrate a total disregard for the security interests of their own peoples and all peoples of the world who seek the liquidation of the nuclear threat.

The participation of several American allies in the "star wars" plans raises in a law-governed way the question of compatibility of their actions with the decisions of the UN General Assembly for which their representatives in the United Nations had voted. Thus, at the 40th session of the General Assembly the resolution "For Preventing the Arms Race in Outer Space and for Peaceful Exploration of Outer Space" was supported by 151 states (only the United States and Grenada abstained). And another question is (considering that SDI envisages the use of nuclear weapon systems): Is this participation compatible with the obligations under the Treaty on Non-Proliferation?

The "star wars" program is evoking a growing condemnation among developing countries that consider it as an extension of the course of promoting the arms race and as a perpetuation of the imperialist policy "from the position of force," that is, now from the position of nuclear force and in future from the position of space force.

The main conclusion dictated by the nuclear and space age is obvious for an overwhelming majority of countries of the world: The path to the elimination of nuclear weapons does not lead through the stockpiling of these weapons and their spreading to other regions, including outer space, but through the limitation and reduction of the existing arsenals and through the deliverance of the earth, step by step, from the nuclear plague.

No myths about SDI being a "nonnuclear defense program" because it is allegedly expected to deliver mankind from the threat of nuclear destruction can deceive those who strive to stop the arms race and eliminate nuclear weapons. Appearing at the congressional hearings in May 1985, H. Bethe, well-known American nuclear physicist and Nobel Prize laureate, expressed the predominant opinion of scientists of the world on the consequences of SDI in the following way: "In his speech on 23 March 1983, President Reagan called for the implementation of technological inventions that would render nuclear weapons 'powerless and unnecessary.' Considered from technological viewpoint, this dream of President Reagan has very little chance to come true. None of the technological proposals which I have seen--and I have seen very many of them--will probably lead to the development ((sozdaniye)) of defense against nuclear weapons...."

III

At the same time as it moves toward implementing the "star wars" program, Washington by no means intends to renounce its multibillion programs of increasing all the component elements of its "strategic triad," and, first and foremost, its ballistic missiles. There can be no talk at all about a "withering away" of the missiles so long as, in addition to the large-scale ABM system, the Pentagon is simultaneously developing six new types of offensive strategic weapons, that is, the MX intercontinental ballistic missile, the Midgetman missile, the sea-based Trident strategic missile, building new types of B-1B strategic bombers, and planning to deploy more than 12,000 long-range cruise missiles in all modes of basing.

An analogous picture is provided by the situation concerning medium-range weapons (Pershing II and cruise missiles) located in Europe and Asia and nuclear weapons in theaters of military operations which are being constantly modernized and supplemented with various new varieties, such as, for instance, neutron bombs.

According to American press reports, the Pentagon is intensively engaged in 22 programs of development of new types of nuclear ammunition and is increasing facilities for the production of fissionable materials for nuclear warheads. R. Wagner, assistant secretary of defense, frankly states: "We need new warheads with new characteristics even if the arms control is successfully achieved at least in the coming few decades." It is precisely the plans for increasing and perfecting nuclear weapons that explain the refusal of the United States to conclude a treaty on the complete prohibition of nuclear tests for which the Soviet Union has called more than once by declaring unilateral moratoriums on these tests in 1985 and 1986.

Considered especially against the background of the activation of nuclear preparations, what is the purpose of persistently repeated claims that SDI will allegedly lead to the elimination of nuclear weapons? Nuclear physicist E. Teller, inspirer of this program and "father" of the American hydrogen bomb, has provided one of the answers to this question. Addressing the Foundation of Future society in Paris on 27 June 1985, he said: "The story claiming that SDI is expected to eliminate nuclear weapons on earth was invented to deal a blow to the antiwar movement and to force it to reconcile itself to SDI." This revelation brings into sharp focus the entire propaganda trumpery of the United States about the "humane" and "antinuclear" nature of the "star wars" program which is expected to divert the attention of antiwar forces from the real everyday threats presented by the existing nuclear arsenals on earth and from the need to once and for all put an end to the nuclear arms race.

Unmasking the propaganda tricks of the U.S. militarist circles, M.S. Gorbachev has emphasized: "They are talking about defense but are preparing for attack, they are advertising the space shield but are forging a space sword, and they are promising to eliminate nuclear weapons but are in practice increasing and perfecting them. They are promising stability to the world but are leading affairs toward breaking the strategic equilibrium.... They are even claiming that it is allegedly possible to achieve the elimination of nuclear weapons by means of creating ((sozdaniye)) space-based weapons. This is a fraudulent method. Just as the appearance of space weapons has not eliminated the conventional types of weapons but only resulted in an intensified nuclear and conventional arms race, so will the creation ((sozdaniye)) of space weapons turn out in the same way, that is, the arms race will become even more intensive and will spread to new spheres." ((sentence as published))

The problem of preventing the militarization of outer space concerns the vital interests of all mankind. It should not be allowed that outer space turns into an arena of races in nuclear and other types of weapons and a bridgehead for aggression. The USSR is in favor of imposing a permanent ban on the use of force in outer space and from outer space in relation to earth as well as on the use of force from earth in relation to objects in outer space. No weapons of any kind--conventional, nuclear, laser, particle beam, or any other kind--shou'd be introduced and placed in outer space either on piloted or non-piloted systems. Space-based strike weapons must not be created ((sozdavat)), tested, or deployed either for use in outer space or from outer space against targets on earth, in the air, or on the sea. The means of this kind which have been already created ((sozdavat)) must be destroyed.

The road to the elimination of nuclear weapons is not in outer space but on earth. To render nuclear weapons "unnecessary and obsolete" it is necessary to stop all testing of them, renounce the doctrines justifying the first use of these weapons, and proceed to the radical reduction of the existing nuclear arsenals.

In his talks with American Senator E. Kennedy on 6 February 1986, M.S. Gorbachev stressed: For the 15 years which the American "star wars" program have allotted for the experiments that are expected to verify ((proverit)) the procedures of "nuclear disarmament" by means of space-based weapons, we propose to free the earth from nuclear weapons.

The Resolution of the 27th CPSU Congress on the Political Report of the CPSU Central Committee points out: "The central direction of the foreign policy of the Soviet Union for the coming years must be the struggle to carry out the program set out in the statement of the general secretary of the CPSU Central Committee on 15 January 1986 for destroying weapons of mass annihilation and averting the danger of war. The fulfillment of this program, which is historic in its dimensions and significance, would open for mankind a fundamentally new period of development and the possibility of concentrating exclusively on constructive work."

The concrete nuclear disarmament program set forth by the Soviet Union represents the only real way which leads toward enabling mankind to enter the year 2000 under peaceful skies and peaceful outer space and without fears of any threat of general nuclear destruction. It is precisely for this reason that, unlike the American "star wars" program, the program of the Soviet Union enjoys the support of an overwhelming majority of states and all peoples of the world.

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"Mirovaya ekonomika i mezhdunarodnyye otnosheniya". 1986

CSO: 1816/8

'DETERIORATION,' 'PROGRESS' IN JAPANESE-SOVIET RELATIONS CHRONICLED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 4 Apr 86
(signed to press 19 Mar 86) pp 77-80

[M. Demchenko article: "USSR-JAPAN: A Step Toward Dialogue"]

[Text] The line taken by the Soviet Union at establishing authentic neighborly relations with Japan is of a principled character, calculated on a longer time, and not subject to circumstantial oscillations. It has been fixed in the decisions of the CPSU congresses and has been repeatedly confirmed by the Soviet leadership. "We are for an improvement in relations with Japan and are confident that such a possibility is realistic. It stems even from the simple fact that our countries are direct neighbors," M.S. Gorbachev said at the USSR Supreme Soviet session on 27 November 1985. "On this crucial question--to eliminate the nuclear threat--the interests of the USSR and Japan cannot clash."

The Soviet-Japanese talks held in January during the official visit to Japan by E.A. Shevardnadze, CPSU Central Committee Politburo member and USSR minister of foreign affairs, coincided in time with the publication of the statement made by the CPSU Central Committee general secretary on 15 January. The comprehensive and all-embracing program set forth in the statement for eliminating nuclear and other kinds of weapons of mass extermination was discussed at length during the talks.

During his visit to the Japanese capital the USSR minister of foreign affairs emphasized that the Soviet program for getting rid of nuclear weapons by the end of the current century is in harmony with the moods of all peoples, including the peoples of Asia. We hope, E.A. Shevardnadze said, that the Japanese government will study attentively and in an unbiased manner the proposals made by the CPSU Central Committee general secretary and will contribute its part in the noble cause of eliminating nuclear and chemical weapons and of precluding space weapons. This position will be in line with the interests primarily of the Japanese people themselves, of their security.

The elements of the new Soviet initiatives set forth in the statement were highlighted in the Japanese press as a number one topic. One might characterize the general bent of the publications as follows: The Soviet program for eliminating nuclear weapons is a constructive document deserving the most intense examination.

The talks were held at a time when Soviet-Japanese relations are by no means the best.

In nearly 30 years since the day when the joint Soviet-Japanese statement was signed, a statement that put an end to the state of war between the two countries and restored diplomatic and consular relations, a great deal has been done to expand mutual links.

Some time ago, political contacts between the two countries, including at a higher level, developed successfully enough. As of 1966, ministers of foreign affairs of both countries used to exchange visits. They met regularly during the sessions of the UN General Assembly in New York. On October 1973, the prime minister of Japan paid an official visit to the Soviet Union. The deepening mutual understanding between the Soviet and Japanese peoples was promoted by the expanding bilateral links along the parliamentary line.

For a long time, Soviet-Japanese trade was growing rather fast. Accountable for this was the mutually beneficial character of Soviet-Japanese trade links and the aspiration of both sides to develop them. An important role was played by the Soviet-Japanese and the Japanese-Soviet committees for economic cooperation, which were set up in 1965. In the sixties and the seventies, a number of agreements were signed on large-scale industrial cooperation on a compensatory basis. Mainly owing to the implementation of concerted plans, the general volume of mutual goods deliveries between the USSR and Japan in 1976-1980 practically doubled in comparison with the preceding 5-year period. However, early in the eighties the growth rates of Soviet-Japanese trade had slowed down, and in 1983 its volume, for the first time in the postwar period, dropped significantly, by 18.4 percent. On the list of our trade partners among industrially developed capitalist countries, Japan slid from first or second to fifth place.

The causes are to be sought in the general deterioration which ensued in Soviet-Japanese relations at the end of the seventies. To a large extent, this was connected with the fact that the country's ruling circles supported the U.S. line of giving up the policy of detente and expanding the arms race to achieve military superiority over the Soviet Union. So, M. Ohira's cabinet joined in the notorious "sanctions" against the Soviet Union. In May 1981, Prime Minister A. Suzuki signed in Washington a joint Japanese-American communique which contained openly anti-Soviet attacks. During the May 1981 Williamsburg talks among the leaders of the seven big capitalist countries, Y. Nakasone championed Western opposition to the Soviet Union.

What attracted attention was the fact that at the same time the campaign in Japan of unlawful territorial claims against the Soviet Union intensified, and attempts were made to make the possibility of further developing Japanese-Soviet relations dependent on certain Soviet "concessions" on this issue. These unfriendly actions were accompanied by a swelling of the myth of a "Soviet military threat," which was used to justify the building up of Japan's military potential.

At the same time, the country's public was also increasingly aware of the serious danger of this tilt in Japanese foreign policy. This was clearly manifested in the invigorated efforts of "people's diplomacy"--as the movement for friendship with the Soviet Union has been figuratively named in Japan. The movement's

participants have found a new effective form of joint activity: the holding of "roundtable" conferences between representatives of the Soviet and Japanese public. Four forums of this kind have already been held. Each of them was attended by hundreds of people, including politicians, leaders and activists of public organizations, scientists, journalists, cultural figures, USSR Supreme Soviet deputies, and members of the Japanese Parliament. Here is what a leading bourgeois newspaper, ASAHI, wrote: "The idea of convening 'roundtable' conferences on the basis of the participation mainly of friendly organizations has proceeded from the necessity to prevent a further deterioration in Japanese-Soviet relations and to continue the dialogue by the forces of the public. It is a good idea."

In recent years, other massive measures of the Soviet and the Japanese public have also developed both at the national and the regional level. These are anti-war meetings as well as the bilateral forums recently initiated by the Soviet and the Japanese public "for friendship, good neighborhood, and cooperation in the far east" (the first of them was held in 1984 Khabarovsk and the second, in 1985, in Sapporo).

The movement for normalizing relations between Japan and the Soviet Union has been joined by business circles and by some realistically-minded representatives of bourgeois political parties. So, in defiance of the noise stirred by those opposing the development of Soviet-Japanese relations, a representative delegation of business circles, headed by S. Nahano, visited the Soviet Union in February 1983. The visit helped the Soviet-Japanese and the Japanese-Soviet Committees for Economic Cooperation hold their joint session in December 1984 (in the atmosphere of the policy of "sanctions," such meetings were boycotted by the Japanese side for 5 years).

The restoring of political contacts and interparliamentary links had begun. In 1984 a representative delegation of the USSR Supreme Soviet visited Japan. A number of delegations of prominent Japanese figures visited Moscow. More frequent have become statements made in Tokyo by officials, including those in leading posts in the government, in favor of improving relations with the Soviet Union and of resuming the dialogue with Moscow.

As far as the USSR is concerned, it has adhered to a dialogue which would give a positive impulse to the development of bilateral relations. There are significant opportunities to further expand mutually beneficial cooperation in the trade and economic field. This would be promoted by the materialization of the Soviet proposals to conclude an agreement on the principles of economic cooperation and to work out on the basis of this agreement a long-term program for expanding trade and economic links, as well as to get up a mixed intergovernmental commission for trade and economic cooperation.

The constructive initiative brought forward by the USSR previously, including the proposals to conclude an agreement on good neighborhood and cooperation, to jointly work out measures to enhance confidence in the Far East and to conclude an agreement to the effect that the Soviet Union would not use nuclear weapons against Japan provided that the latter observes the nuclear-free status, remain valid.

While proposing in the seventies to discuss the possibility of concluding an agreement on good neighborhood and cooperation, the Soviet Union never intended, as it is being frequently asserted in Tokyo, to substitute it for a peace treaty. It has been guided by the sincere aspiration to put Soviet-Japanese relations on a firm and stable basis. The conclusion of an agreement on good neighborhood and cooperation would not put off but, on the contrary, would bring closer the achievement of mutually acceptable agreements.

The Soviet Union has brought forward the idea of a comprehensive approach to the problem of security in Asia. Japan could play an important role in its materialization. The USSR does not propose a ready-made model of a mechanism for ensuring peace and security. The intent of the Soviet idea is to work it out by the united forces of all Asian countries with an eye on the peculiarities which exist there and on the concrete initiatives made by the continent's states.

The differences existing in views on concrete questions by no means rule out the possibility of close cooperation between the Soviet Union and Japan. They could cooperate in a constructive way in settling the pressing problems of disarmament and international security.

During E.A. Shevardnadze's conversation with Y. Nakasone and talks with S. Abe, minister of foreign affairs, opinions were exchanged on the aforesaid questions.

The prime minister confirmed the invitation previously conveyed to M.S. Gorbachev, CPSU Central Committee general secretary, to pay an official visit to Japan. E.A. Shevardnadze expressed thanks for the invitation and handed to Y. Nakasone M.S. Gorbachev's message containing the invitation to the head of the Japanese Government to pay an official visit to the Soviet Union.

After the completion of the talks, an agreement on commodity turnover and payments for the period 1986-1990 and a convention on evading double taxation were signed. Documents were exchanged on extending the validity of exchange letters concerning cultural links.

The Joint Soviet-Japanese communique emphasized that the development of relations between Japan and the USSR on the basis of the principles of mutual advantages, equality, and noninterference in domestic affairs was not only in line with the common interests of the peoples of both countries, but also would be a great contribution to the cause of peace and stability in Asia and all over the world. The great importance of political dialogue between leading figures of the USSR and Japan was noted, and consent was given to hold in the future, at least once a year, regular consultations at the level of ministers of foreign affairs, alternatively in Moscow and Tokyo.

In conformity with the 10 October 1983 joint Soviet-Japanese statement, the ministers held talks on the conclusion of a Soviet-Japanese peace treaty and on the issues which could be included in it. They agreed to continue the talks during the next consultative meeting in Moscow.

The sides expressed the intention to contribute to the further expansion of trade and economic relations between the USSR and Japan on the basis of mutual advantage. Agreement was reached to raise the level of annual consultations on trade and economic questions.

The ministers agreed to continue efforts to successfully implement the agreements concluded between the two countries in the field of fishing and on cooperation in the field of fishery.

Progress was noted in the talks between the USSR and Japanese government on the conclusion of an agreement on cultural relations, and the aspiration was expressed to contribute to their earliest completion.

Frank opinions were exchanged on issues of mutual interests concerning the present international situation. The sides reached the conclusion that it was essential to further foster positive trends in the situation developing in the world by expanding bilateral dialogue on international issues.

The joint Soviet-American Statement on the results of the meeting held by the CPSU Central Committee general secretary, M.S. Gorbachev, and the U.S. President, R. Reagan, 19-21 November 1985 in Geneva was highly assessed as the beginning of a dialogue aimed at changes for the better in the international situation.

At the same time the Tokyo talks have shown that Japan was still not prepared to give a positive response to some important Soviet initiatives. It is also to be noted that the territorial claims to our country and the myth of a "Soviet threat" were repeated during the talks.

While characterizing the course and results of the talks, Y. Nakasone noted that they "helped move relations between the two countries from a standstill and marked a step forward on the path of developing bilateral relations." The head of the Japanese Government said that, in the further consultations between the ministers of foreign affairs, Japan "intended to make efforts to promote the process of disarmament." In S. Abe's opinion, the agreement reached in principle on the exchange of visits between the leaders of the Soviet Union and Japan was highly important from the viewpoint of consolidating the Japanese-Soviet political dialogue. He pointed out that the talks were very useful above all from the point of view of prospects for further developing bilateral relations, and that there were no insoluble problems if there was an intention to solve them and respect for each other's positions.

At the reception given in his honor by the Japanese minister of foreign affairs, E. Shevardnadze said: I think that, the existing differences notwithstanding, we are unanimous in our aspiration to have a look at relations between the Soviet Union and Japan from a more elevated point and to raise them to a new level worthy of our neighboring countries. We also want the sails of our relations to be filled with a fresh-favorable wind, favorable in the sense of our movement in the same direction--towards a peaceful and secure world for all.

One may say with confidence that both sides won in the talks, and only those who would like to complicate Soviet-Japanese relations proved to be losers. The existing difficult problems notwithstanding, the future of these relations seems to be more propitious.

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SURVEY OF WORLD EVENTS DECEMBER 1985-MARCH 1986

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 4, Apr 86 (signed to press 19 Mar 86) pp 81-100

[V. Baranovskiy, B. Bolotin, E. Grebenshchikov, O. Ivanova, Yu. Krashenninnikov roundup: "Current Problems of World Politics"]

[Text] It is profoundly natural that the main event in the life of our society--the 27th CPSU Congress, which was held 25 February through 6 March--was simultaneously a most important event of international life also. Throughout the period that the highest forum of Soviet communists was in session the world's attention was focused on Moscow. Reports on the congress were carried on the front pages of the leading organs of the world press, and radio and television broadcast releases began with them. Even now, several weeks after the congress, the stream of commentary and comment on it is not abating. Never before, perhaps, has our party's highest forum had such most extensive repercussions. This is graphic testimony to the historic significance of the congress and the decisions which it adopted.

1. At the Pivotal Stage

The special nature of the 27th CPSU Congress was determined primarily by the scale of the tasks set our country and the world by the times. Under the conditions of the abrupt turning point in the life of Soviet society and the modern world as a whole the forum of the Lenin Party had to provide an answer to cardinal questions and formulate a realistic, comprehensively weighed action program which would organically combine the greatness of our goals and the realism of available possibilities and the party's plans and the hopes and aspirations of each individual. The congress had to adopt decisions which determine both the nature and pace of our progress for years and decades ahead: to discuss and adopt three most important documents--the new version of the CPSU Program, the CPSU Rules with the changes therein and the Guidelines of the USSR's Economic and Social Development in 1986-1990 and the Period Ending the Year 2000. Finally, the congress was faced with the task of providing an answer to the question troubling all mankind--how to break with the trend toward growth of the military danger.

The CPSU Central Committee Political Report delivered at the congress by M.S. Gorbachev, general secretary of the CPSU Central Committee, contains an all-around evaluation of the party's activity in the period that had elapsed since the 26th congress and an in-depth analysis of the situation in the country and

on the international scene and the main processes and trends of social development. It clearly determines a strategy of an acceleration of socioeconomic development and formulates the main aims and directions of the foreign policy course.

In the current situation, the Political Report emphasizes, it is essential to ensure an abrupt turnabout in the life of the country, the need for which has been brought about by the current situation: together with big achievements in all spheres of social life on the eve and at the outset of the 1980's negative trends and immobile phenomena emerged, problems in the country's development grew more quickly than they were solved and the cause was harmed considerably by the inertia and solidified nature of the forms and methods of management and the growth of bureaucratism.

Having analyzed the current situation, the CPSU Central Committee April (1985) Plenum set the task of surmounting the negative trends in the socioeconomic development of society and imparting to it the necessary dynamism and acceleration. The strategy advanced by the plenum won the broad support of the party and the entire people. In the course of discussion of the precongress documents there was frank and constructive talk about the most serious questions of social life. The collective experience of the party and the people was embodied in the CPSU Central Committee Political Report to the party congress.

Acceleration is not only an increase in the economic growth rate, the report emphasizes. Its essence is a new quality of growth: the utmost intensification of production based on S&T progress, a structural rebuilding of the economy and efficient forms of management and the organization and stimulation of labor. The policy of acceleration provides for an active social policy and consistent affirmation of the principle of socialist justice. The task on the agenda of achieving fundamental changes in the economy and social sphere requires as an essential precondition for its accomplishment adequate changes and improvements in the political superstructure of Soviet society. The party has formulated the slogan of an all-around improvement in socialist democracy, the increased efficiency of all its institutions, particularly the soviets, as the most representative organs of authority, the utmost stimulation of the resources of self-management, resolute struggle against all bureaucratic distortions and the removal of all impediments to the maximum development of public initiative, socialist enterprise and the institution of due order and a strengthening of discipline.

Soviet people, who responded to the call of the party and its Central Committee with unprecedented enthusiasm, did a great deal of work in the period between the April Plenum and the congress on overcoming everything hampering our progress. A tremendous part here was played by the broadest publicity and the application of effective and prompt forms of control. Relying on the creative initiative of the party and the entire people and supporting and developing it in Leninist fashion, the congress set the task of a further refinement of socialist democracy.

The country has acquired a precise and realistic, albeit taut, economic plan. In accordance with this, the average annual rate of increase in the national income in the forthcoming 5-year period will constitute 3.5-4 percent, the industrial product 3.9-4.4 percent and the agricultural product 2.7-3 percent. This is considerably higher than the corresponding indicators of the past 5-year plan.

Even Western observers who are far from having a liking for our country observe that the congress' decisions are imbued with a spirit of creation. Having confirmed and specified with reference to the present day Lenin's high-minded policy of peaceful coexistence, the party's highest forum demonstrated consistent continuity in the approaches to the problems of safeguarding peace.

At the same time, however, the 27th congress further developed and enriched with important new provisions the Soviet concept of ensuring peace and security. "...The modern world," M.S. Gorbachev emphasized, "has become too small and fragile for wars and power politics. It cannot be saved and preserved unless we break--decisively and irreversibly--with the way of thought and action which have for centuries been built on the acceptability and permissibility of wars and armed conflicts.... The situation in the world could assume a nature where it no longer depends on the intelligence or will of politicians. It will be in the grip of technology and military-technocratic logic." The congress confirmed the Soviet plan for the complete elimination of nuclear weapons by the end of the century expounded by M.S. Gorbachev in the statement of 15 January 1986. A comprehensive program of the creation of an all-embracing system of international security providing for interconnected measures in the military, political, economic and humanitarian spheres was put forward in addition to this proposal.

2. Toward New Frontiers

"Today the fate of peace and social progress is more closely connected than ever with the dynamism of the ECONOMIC AND POLITICAL DEVELOPMENT OF THE WORLD SOCIALIST SYSTEM. The need for such dynamism is dictated by concern for the well-being of the peoples, but it is essential to the socialist world also from the viewpoint of countering the military danger. Finally, it is a demonstration of the possibilities of the socialist way of life. We are being watched by both friends and foes. We are being watched by the vast, diverse world of the developing countries. It is seeking its choice, its path, and this choice will largely depend on the success of socialism and the persuasiveness of its responses to the challenges of the times." So says the CPSU Central Committee Political Report to the 27th party congress.

The documents submitted for examination by the congress and the speeches of the leaders of other fraternal states made as a whole a positive assessment of the results of the economic cooperation of the CEMA members and emphasized that they had formulated a broad-scale, future-oriented approach to the development of mutually profitable ties. In order to make further progress in this sphere and convert the community of socialist states into a powerful lever of the acceleration of the socioeconomic development of each of them and

world socialism as a whole it is necessary to more than just raise the S&T level of socialist production by joint efforts. It is necessary that labor collectives of all countries of the community be imbued with an awareness of the vital importance of such cooperation. And for the success of this undertaking it is necessary to perfect not only the ideological work of the fraternal parties but also the economic mechanism of the mutually cooperating socialist states and to bring the conditions and specific aims of the activity of the enterprises embarking upon direct ties to one another as close as possible. In other words, it is essential to continue the work on strengthening the aggregate economic power of socialism which was begun in accordance with the decisions of the top-level CEMA economic conference in the summer of 1984 in Moscow.

Particular significance is attached to the Comprehensive Program of the CEMA Countries' S&T Progress up to the Year 2000 which was adopted at the CEMA Session 41st (special) Meeting at the end of last year. This program--specified in bilateral S&T cooperation agreements which have now been concluded between all countries of the community--provides for the unification of the fraternal countries' efforts at the time of elaboration of five priority directions of S&T progress, which will determine the profile and level of production on the threshold of the third millennium: electronization of the economy, its comprehensive automation (including the application of flexible production systems), nuclear power, the creation and assimilation of new materials and progressive techniques of their processing and the development of biotechnology.

Any unbiased person is struck by the fact that as distinct from a number of other international programs which have gained widespread celebrity recently--the West European Eureka, ESPRIT, (BRITE) and others, not to mention the "international aspect" of the notorious American SDI--the Comprehensive Program of CEMA's S&T progress is subordinated solely to peaceful aims and is characterized by plan-conformity, a long-term nature and the complete equality of the socialist countries participating therein.

The Comprehensive Program provides for an expansion and intensification of cooperation not only in the sphere of fundamental research in the directions which it embraces but also, which is particularly important, the joint R&D necessary for the assimilation of new equipment, technology and materials.

It is a question precisely of an expansion and intensification of cooperation, in the sphere of which considerable positive experience has already been accumulated. A graphic idea of the scale of the fraternal countries' interaction in the sphere, for example, of the electronization and comprehensive automation of production is provided by the fact that in the 5-year period which has begun reciprocal supplies of electronics, computer equipment and modern means of communication will constitute in terms of value approximately one-sixth of the entire machine-building product exchanged by the CEMA countries.

In nuclear power engineering the fraternal states' joint efforts have laid a very substantial foundation--total nuclear power station capacity in Bulgaria, Hungary, the GDR, the USSR and the CSSR in 1985 amounted to 30 million kilowatts, and on average the nuclear power stations provide approximately 9 percent of total electric power generated by countries of the community and

far more in some of them (25 percent in Hungary, for example, approximately 30 percent in Bulgaria). By 1990 it is planned having increased the capacity of the nuclear power station network more than threefold--to 100 million kilowatts. The draft program for the construction of nuclear power stations in CEMA countries prior to the year 2000 approved at a meeting of the CEMA committee (held in January 1986 in Ho Chi Minh City) provides for a further rapid development of this power engineering sector. It is highly significant that it is here that the socialist countries' production cooperation has been debugged the most (approximately 50 enterprises and associations of the European CEMA states and also Yugoslavia are participating in the manufacture of nuclear power station equipment).

The organization of the fraternal countries' participation in the joint development of raw material and fuel-energy resources intended for satisfaction of CEMA's common requirements is acquiring concrete forms. The total estimated cost of tentatively agreed projects is put at R45-55 billion (we would recall that in the period 1976-1980 joint investments in multilateral investment projects constituted over R7 billion). Among the scheduled programs are the mining-concentrating iron ore works in Krivoy Rog, the gas-producing works in Yamburg and the Yamburg--USSR western border trunk gas pipeline, coal mines and coal-tar chemical enterprises in Poland and capacity for the mining and treatment of magnesite in Czechoslovakia, nonferrous metals in Vietnam and Mongolia and on Cuba, bauxites in Vietnam and phosphorites in Mongolia.

As an important component of the agreed plans for a strengthening of CEMA's fuel-energy base, realization of the multilateral projects will at the same time help appreciably to accelerate the growth of the economy of Vietnam, Cuba and Mongolia and bring them close in terms of economic development level to the European countries of the community. The tremendous significance of such assistance and also the importance of participation in the realization of the comprehensive programs being implemented within the framework of socialist integration were emphasized at the Third Cuban CP Congress in Havana in February.

The practical experience of the organization of the activity of joint multilateral enterprises of the community countries accumulated in this sphere is now being extended to other sectors. Soviet-Bulgarian and Soviet-Czechoslovak associations for the manufacture of flexible automated production systems and industrial robot-mechanical arms have been set up experimentally. By virtue of its innovative nature, this form of interaction is attracting particular attention in the fraternal countries. It is possible that it is destined to play an important part in the future structure of internationalized socialist reproduction.

A great deal of work is being performed on bringing the CEMA members' economic mechanism closer together. Without waiting for the implementation of cardinal measures to perfect the national economic mechanisms (their preparation will understandably take a certain time), the community countries have agreed at this stage to ensure the greater uniformity of the components of the economic structure which have a decisive impact on foreign economic ties within the CEMA framework. The reference is primarily to bringing domestic wholesale and foreign

trade export prices closer together, thereby linking price-forming processes on the national and world markets. Further, it is proposed introducing special tax concessions for enterprises involved in production cooperation with other members of the community.

Meanwhile the development, including broad-scale experiments, of new national management mechanisms corresponding to the greatest extent to the level of development of the socialist world's productive forces which has been reached and ensuring the optimum prerequisites for their further growth is continuing. "...Socialist production relations afford scope for the development of the productive forces. But for this they must themselves be perfected constantly," the Political Report says.

A search for ways to mobilize all the potential of economic growth on the basis of the improvement of production relations is being conducted in practically all the CEMA countries, including those which embarked on the path of serious economic reforms long since.

For example, for the purpose of enhancing enterprise managers' responsibility for the results of economic activity the electivity of the management authorities--councils and boards--has been introduced in Hungary at many plants and factories as of the start of 1986. The position of director also is made elective in a number of instances. According to Hungarian press data, of the 306 enterprises controlled by the Ministry of Industry, only 46 remain under its direct control, and the remainder are switching to "full economic responsibility" under an elective management. It is assumed that under the new conditions there will be a sharp increase in the interest of the enterprise collectives and administration in an improvement in the end results of work.

So-called "direct-labor groups" (DLG) operate at the majority of Hungarian enterprises. The total number of such groups in the country as a whole is approximately 8,000, in which approximately 200,000 persons are involved. Just as many are associated in specialized cooperatives which perform various repair, construction and other operations by way of plurality. In overtime hours, using equipment belonging to the enterprise (and paying for its lease), the DLG and cooperatives perform at contracted rates assignments of their enterprise and side orders. An indispensable condition of the formation and functioning of DLG and specialized cooperatives is their members' fulfillment of output norms in the main working hours. As a whole, the DLG and cooperatives produce approximately 5 percent of Hungary's national income.

A new procedure of the control of capital construction has been introduced in the GDR in the process of improvement of the economic mechanism. The planning of new facilities is authorized only if the available production capacity is used in several shifts and if that being introduced is loaded for no less than two shifts. It is expected that this procedure will contribute to a further improvement in the use of fixed production capital. Even now the average load of production equipment is in excess of 17 hours per day (in the 1970's it constituted 10 hours).

Such a high level of use of fixed production capital is secured by, in particular, the well-adjusted regional system of the recording of the temporarily spare, inactive capacity of enterprises on the territory of a given area. Special production information offices select for enterprises experiencing a shortage

of certain equipment and with an interest in the prompt performance of some production operations or other the plants and factories where the requisite equipment is temporarily idle. A precise system of the organization of such work (by the owner of the equipment or the client) and its remuneration and consideration in the partner-enterprises' output volume has taken shape.

While evaluating the results which have been achieved guardedly, GDR economists note that the structure of the organization of production and its management which has been discovered in the republic has great capacity for improvements and reorganization "while in progress". The basic component of management in industry and other sectors of the economy are integrated works, whose activity encompasses, as a rule, the entire production cycle--from the recovery (or imports) of raw material through the marketing of the finished product (on foreign markets included) and also R&D in its field. The integrated works are powerful associations whose average worker strength approaches 20,000 (in the USSR, for comparison, the production and science-production associations have an average of 5,000 workers). Thus in respect of the numbers of those employed in the national economy of the two countries the integrated works of the GDR are 70 times more powerful than the Soviet associations.

Understandably, such large enterprises cannot function efficiently under conditions of petty tutelage and "on-the-spot management" and for this reason they possess great independence within the general framework of the GDR's national economic plan. When the results of their work are being summed up, account is taken only of four indicators--the net product, profit, production of consumer goods and services and export earnings. In real life the central authorities plan merely the products essential for the biggest national economic construction projects financed directly from the budget, for defense and for concerted supplies to the CEMA countries per production cooperation. These products account for approximately 60 percent of the total value of output. The remainder is manufactured--with regard for the cost sectoral proportions contained in the official national economic plan--in accordance with a direct arrangement with the consumers.

Each integrated works receives a fixed target for the 5-year plan for transferring resources to the budget. The rest of the profit, including above-plan profit, remains at the disposal of the enterprise.

In January-February of the current year the central statistical authorities of the majority of countries of the community published the results of economic development in 1985 and for the 1981-1985 five-year plan as a whole. These data testify to certain successes of the CEMA countries' economies and at the same time reflect difficulties of an objective and organizational nature, which have not yet been fully overcome.

Table 1. Basic Indicators of the Economic Development of Certain CEMA Countries (1985 as a % of 1984)

	<u>National income produced</u>	<u>Industrial production</u>	<u>Social labor productivity</u>
Bulgaria	1.8	4	3.7
Hungary	0.5	2.8	1
GDR	4.8	4.5	5.5
Poland	3.7	3.8	3
Romania	5.9	4.9	5
USSR	3.1	3.9	3.1
CSSR	3.3	3.4	3
CEMA	3.4	4	3

Table 2. Basic Indicators of the Economic Development of Certain CEMA Countries (1981-1985, 1985 as a % of 1980)

	<u>National income produced</u>	<u>Industrial production</u>	<u>Social labor productivity</u>
Bulgaria	120	125	120
Hungary	109	112	107
GDR	125	122	124
Poland	96	102	99
Romania	124	122	124
USSR	118	120	116
CSSR	109	114	108
CEMA	117	119	114

Evaluating the results of their countries' economic development in recent years, the Hungarian and Polish press, in particular, points to the additional difficulties caused by the existence of a substantial foreign debt and the unfavorable terms of its repayment (this applies particularly to Poland, which has to pay annually merely in the form of interest on credit obtained in the West approximately \$3 billion, whereas its entire annual export earnings in the capitalist countries do not exceed \$6 billion). In this situation the expansion of foreign economic ties to the fraternal socialist countries and the strengthening of cooperation among them would seem the sole dependable guarantee of the stability of economic growth.

3. East-West: Preserve the 'Spirit of Geneva'

At the start of 1985 the CPSU Central Committee Politburo and the Soviet Government adopted a decision on a number of important foreign policy actions of a fundamental nature designed to contribute to the maximum extent to an improvement in the situation on the world scene, overcome the negative, confrontational trends in international relations and achieve a general lessening of the threat of war looming over mankind. The statement of M.S. Gorbachev, general secretary of the CPSU Central Committee, which contains a specific and comprehensive plan of action in this field, was issued on 15 January.

The core of the new broad-scale set of Soviet peace initiatives is a program of the complete elimination of nuclear weapons in the world over the next 15 years. The Soviet proposals stipulate that the USSR and the United States should set the other nuclear powers an example and at the first stage, within 5-8 years, halve the nuclear arms capable of reaching one another's territory, given both countries' mutual renunciation of the creation, testing and deployment of space-based arms. At this stage it is proposed agreeing on a complete halt to all nuclear explosions and eliminating the intermediate-range missiles (ballistic and cruise) in the armament of the two states in the European zone. The United States must undertake here not to supply strategic missiles and intermediate-range missiles to other countries, and Britain and France not to increase their corresponding nuclear arms. In the subsequent two stages it is envisaged incorporating the other nuclear powers in the process that has begun, freezing and then liquidating all tactical nuclear missiles and, finally, completing the elimination of all remaining nuclear arms in the world by the end of 1999.

As a most important component of the process of a reduction in and the elimination of nuclear weapons it is essential to close off all channels of their improvement, in connection with which the USSR adopted the decision to extend by 3 months the unilateral moratorium it announced last August on all nuclear explosions and appealed once again to the United States to join in this constructive step. Then came one further important decision. Responding to the appeal of the leaders of six countries addressed to the USSR and the United States to refrain from nuclear testing in the period prior to the next Soviet-American top-level meeting, M.S. Gorbachev declared on behalf of the Soviet leadership that the Soviet Union would not carry out nuclear explosions even after 31 March--until the first nuclear explosion in the United States.

The 15 January statement also proposed a ban on the creation of arms based on new physical principles and approximating in their destructive factors weapons of mass annihilation (it is a question, inter alia, of beam, radiowave, infrasound, geophysical and genetic weapons). The USSR advocates removal from states' arsenals in the next few years of chemical weapons, destruction of the stockpiles thereof and liquidation of the industrial facilities themselves for their manufacture under strict supervision, including international on-site inspection. Finally, the statement proposes that conventional arms and armed forces also be a subject of agreed reductions.

The new Soviet proposals, which formulate a bold and at the same time realistic program of deliverance of the earth from the threat of nuclear perdition and outline specific steps on the path of arms limitation and disarmament, have had the broadest international repercussions and made such a profound impression on the public opinion of various countries that rejecting them out of hand has proven impossible even for the opponents of an easing of tension. The initial official reaction of the United States and other NATO countries to M.S. Gorbachev's statement was of a more benevolent nature than the traditionally negative stereotypes which have become firmly established in the West's "public diplomacy" in the period "since detente".

However, in the wake of this, as from a cornucopia, showered a variety of reservations, clarifications and explanations. Officially or unofficially the "counterarguments" being advanced amount to a set of propositions which in abridged form may be formulated thus:

the Soviet Union's demand for renunciation of the militarization of space allegedly makes achievement of the accords it proposes impossible;

removal of nuclear weapons from states' arsenals would enable the USSR to take advantage of its "superiority" in conventional arms;

a complete halt to nuclear testing is unacceptable to the United States inasmuch as it is essential for the development of a number of American military programs (primarily within the SDI framework);

the American intermediate-range missiles deployed in West Europe "are the connecting link between European and American security" (and, consequently, essential for preserving the solvency of the "nuclear guarantees" to the allies on the part of the United States);

the freezing of the nuclear arsenals of Britain and France would be contrary to the plans for their modernization;

it is not legitimate to demand that the United States undertake not to supply strategic missiles and intermediate-range missiles to other countries inasmuch as this would render impossible the equipping of the British fleet with the American Trident system;

in order for the elimination of intermediate-range missiles in the European zone proposed by the Soviet Union to be effective it must simultaneously reduce the number thereof in the Asian part of its territory also.

At the same time observers note that the search for an adequate response to the USSR's "political challenge" has brought about a very acute struggle in the highest echelons of the U.S. Administration between the "hawks" and the "pragmatists". It took the U.S. Administration more than a month to formulate a response to the Soviet proposals. As M.S. Gorbachev declared from the platform of the 27th congress, the individual positive pronouncements contained in this response (on the need for all nuclear powers, for example, to aspire to the elimination of nuclear weapons) are literally "swamped by a variety of reservations, 'linkages' and 'conditions,' which in fact are blocking a solution of fundamental questions of disarmament." The United States' allies also sometimes attempt to avoid a precise, unambiguous reaction to the Soviet initiatives, although more realistic evaluations are being made in West Europe, which have to be heeded to this extent or the other across the Atlantic also.

The positive impetus engendered by the Soviet-American top-level meeting is very important for the success of the bilateral and multilateral negotiations being conducted in Geneva, Vienna and Stockholm.

The fourth round of the Soviet-American negotiations on nuclear and space-based arms began on 16 January in Geneva. During the meeting of M.S. Gorbachev and R. Reagan it was decided to speed up these negotiations, bearing in mind that their aim is to prevent an arms race in space and put a halt to it on earth, limit and reduce nuclear arms and strengthen strategic stability. However, the American side is adhering to an "abbreviated" interpretation of the subject of the negotiations, arbitrarily excluding therefrom the "space component" and presenting matters such that it should only be a question of spheres where "there are points of contact" between the sides. But attempting to exclude one of the three jointly determined areas of the negotiations means inevitably creating additional difficulties for the achievement of the sides' mutually acceptable accords on questions on whose solution the fate of general peace depends.

The latest session of the Conference on Confidence-Building Measures, Security and Disarmament in Europe opened on 28 January in Stockholm. Certain opportunities have come to light at it recently making it possible to create barriers in the way of the use of force and hidden preparations for war--whether on land, at sea or in the air. The set of new Soviet initiatives also contains the key to the solution of problems which have not been solved at the Stockholm conference--concerning, inter alia, the question of notification of large-scale army, navy and air force exercises.

The talks on a mutual reduction in armed forces and armaments in Central Europe resumed on 30 January in Vienna. The 38th round of the Vienna talks began under conditions where a general framework of further discussion and certain contours of mutual accords appeared virtually for the first time. This became possible after the Western partners had accepted, in the main, on 5 December the socialist countries' idea formulated in February last year concerning initial reductions of Soviet and American forces in Central Europe combined with a subsequent nonincrease for a certain length of time in the levels of the armed forces of the NATO and Warsaw Pact countries in this region. However, the proposals of the Western participants in the talks in response continue in a number of aspects to be of one-sided and unrealistic nature--primarily owing to the arbitrary interpretation of the question of supervision.

In order to overcome the existing differences and finally achieve some movement at the talks the socialist states submitted on 20 February a new draft agreement which takes account of all the elements of the Western participants' position acceptable to them and proposes compromise solutions on a number of important questions on which agreement between the sides is still lacking.

Following the Geneva summit discussion of the question of the general and complete prohibition of chemical weapons, which is being studied by the multilateral Geneva Disarmament Conference, has been stepped up also. A bilateral exchange of opinions began between delegates of the USSR and the United States at this forum as practical realization of the understanding reached by M.S. Gorbachev and R. Reagan on an intensification of discussion at expert level on all aspects of this problem, including questions of supervision. In February the Disarmament Conference adopted the report of the

special Chemical Weapons Committee and instructed it to continue work, referring to the speediest preparation of the draft of a corresponding convention. It has, however, to be seen that completely contrary to the task of banning and destroying these barbaric weapons is the program of "chemical armament and rearmament" being implemented in the United States. A most powerful arsenal of chemical weapons, including over 3 million shells, aerial bombs, mortars and land mines, which constitutes approximately 150,000 tons of chemical warheads, is not enough for the Pentagon. It is preparing to equip itself with a new variety thereof--binary weapons--for whose series production Congress had already appropriated \$126 million.

In the present complex international situation exceptional importance is attached to regular contacts between representatives of states belonging to different social systems. Whence the interest with which the whole world followed the official visit to Japan (15-19 January) of USSR Foreign Minister E.A. Shevardnadze, member of the CPSU Central Committee Politburo, and his talks with this country's foreign minister, S. Abe, and the meetings and conversations with Japanese Prime Minister Y. Nakasone and the leaders of the Socialist and Communist parties. It was the first time in the past 8 years that the political dialogue between the two countries had been conducted at such a high level. A number of joint documents was signed in the course of the visit: an agreement on commodity exchange and payments in 1986-1990 and a convention on the avoidance of dual taxation; and an understanding was reached on the further development of political relations, at the top level included. The negotiations conducted during the visit concerning the conclusion of a Soviet-Japanese peace treaty and the decision to continue the exchange of opinions on the corresponding issues at the next consultative meeting in Moscow are of fundamental significance.

Political relations with other countries of the capitalist world are developing. Soviet leaders met in Moscow with L. Mermaz, chairman of France's National Assembly, and P. Beregovoy, minister of economy, finance and budget, and the American Senator E. Kennedy and C. Vance, former U.S. secretary of State. In January a Soviet parliamentary delegation visited France.

An important part in the normalization of the international situation is being played by the expansion of East-West trade-economic relations. Meetings of the cochairmen of the standing Soviet-Finnish Economic Cooperation Commission, the 20th session of the permanent mixed Soviet-French Commission and the 13th session of the standing intergovernmental Soviet-British Commission for S&T and Trade-Economic Cooperation took place at the start of the year. And the ninth annual meeting of members of the American-Soviet Trade-Economic Council, members of which are over 230 American companies and approximately 120 Soviet organizations, departments and enterprises, was held in December in Moscow.

In February the USSR and the United States agreed to resume direct regular air traffic as of 29 April--Aeroflot airliners will fly to Washington and New York, Pan American World Airways planes will fly to Moscow and Leningrad. There are positive changes also in the sphere of cultural exchange, which had been "frozen" at the start of 1980 by a unilateral decision of the U.S. Administration, but which is now once again enjoying a certain development.

Questions of the establishment of cooperation and a broadening of contacts were also examined at the Cultural Forum of the participants in the Conference on Security and Cooperation in Europe, which ended in December. For 6 weeks prominent figures of literature and art of Europe, the United States and Canada who had assembled in Budapest had conducted a discussion on the place of the creative intelligentsia in the modern world and its responsibility to society. And as if echoing the subject matter of the Budapest forum, the voice of the participants in the congress of figures of science and culture in defense of the planet's peaceful future, which was held in January in Warsaw, resounded impressively and authoritatively. It was a significant measure of the International Year of Peace, which, in accordance with a UN decision, 1986 has been declared.

4. The Capitalist World: Contradictory Trends

The report of the OECD Secretariat issued on the threshold of 1986 on the state and prospects of the world economy aroused no enthusiasm either in the press or in business and political circles of the West. The economic growth rate has declined so sharply that only in accordance with modern "unexact standards," as the FINANCIAL TIMES writes, can the situation in the economy be considered sufficiently satisfactory. Thus 15 years ago, in the era of fixed exchange rates, prior to the onset of the oil crisis, the present 2.8 percent increase in the aggregate real gross domestic product of the developed capitalist countries would have been regarded as evidence of a recession.

For this reason commentators are hastening to call attention to the "brighter" features, primarily the lowering of inflation to 4.5 percent--a level not seen since the end of the 1960's. The success in curbing inflation is being attributed mainly to consistency in the pursuit of a policy limiting the growth of wages and having brought about a redistribution of income in favor of profits. However, the low rate of increase in the working people's earnings (frequently lower than the growth in the cost of living), which has permitted a lowering of production costs and prices, is the result by no means of the "efficiency" of management. It is a direct consequence of the preservation of a vast army of unemployed, the scale of which has remained practically unchanged compared with 1984 and which constituted in the OECD countries last year over 30 million persons or 8.3 percent of the entire economically active population of these states. The level of unemployment is particularly high in the West European countries, where the situation on the labor market has become a most acute socioeconomic problem.

The drop in world market prices of many raw material commodities has also contributed to the curbing of the rise in the cost of living in the developed countries. Under the conditions of low demand for raw material the developing countries, burdened with a huge debt, have been forced in order to ensure if only the minimal level of export proceeds to lower prices. As a result, according to some estimates, even if oil is excluded, the raw material-producing countries "presented" the industrial countries in 1985 with approximately \$65 billion or 0.7 percent of the latter's gross domestic product.

In the present year the economic growth rate, according to the OECD forecast, will not be greater than last year's indicator--2.8 percent. And even this, as specialists unfailingly add, "on condition that...." The United States pursue a credit-monetary policy which does not run counter to the interests of the remaining countries.... The leading industrial states act in unison and direct the economy more efficiently.... It is possible, if only partially, to ease the debt crisis in which the developing countries find themselves.... The moderate decline in the dollar's exchange rate and the price of raw materials continues.... West Europe has sufficient internal incentives for growth.... And so forth. Nonfulfillment of any of these conditions, which are frequently mutually contradictory, is fraught with the danger of trouble, which could lead to grim consequences. In the words of one expert, "the world economy is like an airplane flying at minimum speed--the theory of aerodynamics shows that it can remain aloft," but in practice the least shock is capable of leading to catastrophe.

In the opinion of the majority of economists, a most important condition of the "continued flight" of the airliner of the world capitalist economy is a lowering of interest rates. Their real (inflation-adjusted) level is still unjustifiably (and inexplicably, OECD experts add) high (7 percent in Great Britain, more than 5 percent in Japan, 4 percent in the United States and France, approximately 3 percent in the FRG). And although at the present, late, stage of the upturn the stimulating role of interest rates is limited, a lowering of the cost of credit could lend certain impetus to the economy and postpone for a certain time the imminent recession. Internationally a lowering of interest rates, primarily in the United States, would alleviate the problem of refinancing the developing countries' debt and contribute to an additional fall in the dollar's exchange rate, which is essential for the increased competitiveness of American industry and a reduction in the imbalance in international trade.

The question of the possibility of a coordinated reduction in interest rates was examined at a meeting of ministers of finance and the directors of the central banks of the "group of five" (Great Britain, the United States, the FRG, France and Japan) which was held in London 18-19 January. However, according to the press, as distinct from the preceding such meeting, which adopted specific commitments, the participants in the last meeting confined themselves merely to a recommendation that the central banks "study" this possibility. The formulation of a program of joint action in the sphere of a coordinated reduction in interest rates is being impeded by the clash of interests of the leading capitalist countries. A one-sided or unbalanced lowering of interest rates could lead to an acceleration of inflation and an excessive weakening of the national currency, which increases the danger of a mass outflow of capital from the country. It is for this reason that the FRG and Japan are resisting the pressure of the U.S. Administration, declaring that it is the United States which should take the initiative in any lowering of interest rates.

There are also serious disagreements on the question of the dollar's exchange rate. As is known, a lowering thereof began at the end of February--start of March 1985 and was subsequently supported by "group of five" central bank

intervention. As a result by mid-January this year the dollar had fallen roughly 25 percent in relation to the record high level of February 1985. U.S. Commerce Secretary M. Baldrige declared following the meeting in London that the administration would welcome a further "moderate" lowering of the dollar's exchange rate, given that it was not abrupt. At the same time, however, the other members of the "group of five" are beginning to express fears that an even lower dollar exchange rate could undermine the competitiveness of commodities and slow economic growth in their countries.

The United States' interest in a further decline in the exchange rate of its currency is explained by the endeavor of the administration and business circles to reduce the country's balance of trade deficit. According to data of the U.S. commerce secretary, in 1985, it set a new record high--\$148.5 billion, which was one-fifth more than in 1984. The biggest deficit, as a year ago, was recorded in trade with Japan--\$49.7 billion. The deficit in trade with the EEC increased to \$22.5 billion, whereas in 1983 it had not exceeded \$1 billion.

In the opinion of observers, these "records" are giving rise to a new intensification of protectionist sentiments in Congress, anti-Japanese primarily. To forestall growing tension in trade-economic relations Japan declared that in the first half of the present year it would implement the majority of the measures it had announced to "open up" the Japanese market and also its readiness to continue for a further 12 months the "voluntary restriction" on auto exports to the United States. As specialists observe, these promises will hardly assuage the United States, which is seeking a fundamental reorganization of Japan's trade policy in its own interests.

Another serious problem requiring solution is the colossal U.S. federal budget deficit. At the end of 1985, following long debate, Congress approved a program of strict measures intended to secure a radical improvement in the situation in this sphere. The new emergency measure to control the deficit, the so-called Gramm-Rudman-Hollings amendment, provides for the gradual achievement of a balanced budget by 1991. The deficit is to be reduced in "portions"--of \$36 billion in each fiscal year. If the current deficit here exceeds the reference point determined by the act, the President is obliged to issue an order for automatic reductions called "sequestration": a proportional reduction in spending for the majority of programs, military included. According to data issued in January by the Office of Management and Budget of the U.S. Congress, in the current fiscal year the federal budget deficit will rise to \$220.5 billion compared with \$212 billion in the 1985 fiscal year, which will far exceed the established reference point of \$171.9 billion. The first "sequestration" is to occur in March in a sum total of \$11.7 billion.

The draft budget for the 1987 fiscal year submitted to Congress at the start of February requires that a way be found in order to avoid a subsequent "sequestration" to save or obtain an additional \$50 billion. As observers note, the government will have to pull off "fantastic tricks" to achieve the ambitious goal set by the Gramm-Rudman-Hollings amendment--a deficit of "only" \$144 billion. R. Reagan categorically objects here to an increase in income tax and a reduction in appropriations for military programs, which have been planned in an amount of over \$300 billion. It cannot be ruled out that

the administration will ultimately take the path of governments of other industrially developed capitalist countries patching up tears in the budget by way of the selling off of public property. However, the majority of observers nonetheless believes that it will not come to this and that it will be necessary to abandon the "strange act" before the budget is finally balanced.

Other developed capitalist states, particularly the EEC countries, are encountering the problem of budget deficits also, although it is not as acute here as in the United States. This is partly the result of a strict budget policy, which is having a certain effect: in all Common Market countries except Italy the surging growth of budget deficits was halted in 1985.

At the same time the policy of "austerity" was a factor curbing economic growth in the Common Market countries. There has been a marked decline in recent years on account of the lag behind the United States and Japan in terms of industrial production growth rate in the EEC's share of the aggregate industrial production of the developed capitalist countries. Even with the EEC being joined by the two new members it is only restoring the positions which it occupied at the start of 1980, as the "ten".

As of 1 January 1986 Spain and Portugal, in accordance with agreements signed in the middle of last year, officially became members of the Common Market. Madrid and Lisbon are proceeding from the fact that participation in the integration grouping will be an effective stimulus to the modernization of the backward socioeconomic structures of these states of the Pyrenean peninsula, which in a whole number of respects occupy peripheral positions in the West European region, and by no means, furthermore, solely by virtue of the singularities of their geographical position. Hardly anyone seriously views entry into the Common Market as a panacea for all the troubles bequeathed the Spanish and Portuguese by the fascist regimes. On the contrary, the competition of foreign goods on the home market is increasing, the conditions under which small and medium-sized business has to operate are being complicated sharply and thousands of firms and sectors which have been experiencing a protracted crisis are finding themselves threatened with ruin. But it is this, the ruling circles hope, which will prompt a concentration and renewal of production in industry and agriculture, which will enable the lag behind the other Western countries to be surmounted in a short time. Considerable significance for the two states is also attached to hopes of strengthening their international-political status with the help of the community partners.

For the West European integration association itself, however, its conversion from the "ten" to the "dozen" is an important final stage of the second phase of expansion. From the viewpoint of the interests of the TNC of the Common Market countries it is a question primarily of new sales markets, raw material and manpower sources and spheres of capital investment. Political hopes connected with the endeavor to stimulate the activity of the integration grouping in the Mediterranean and expand the scale of its influence in Latin America are obvious also.

But the price which is having to be paid for the widening of the circle of EEC participants is the increased internal heterogeneousness of the community, which is fraught with the danger of the further exacerbation of the contradictions which exist therein. It is for this reason that attempts are being made to add to the quantitative enlargement of the Common Market the implementation of qualitative changes therein. A meeting of the heads of state and government of the twelve countries in Luxembourg (December 1985) approved a program for the removal of the numerous internal barriers which exist in the EEC in order that by 1992 the community might finally become a "region where people, goods, money and services may move as freely as within the borders of one country."

The participants in the Luxembourg meeting also adopted decisions providing for a reform of the EEC's political institutions and the further development within the community of its members' practice of coordination of foreign policy. Plans for the "politicization" of the Common Market have in the current decade been discussed very actively, but have engendered serious disputes between the supporters and opponents of supranational integration. The plan approved in Luxembourg was the result of a difficult compromise worked out over a long period of time. A certain broadening of the powers of the European Parliament (but it by no means becomes here a "common" legislative body) and also the adoption in certain instances of decisions in the EEC Council of Ministers not on the basis of the complete unanimity of all participants but by majority vote (that is, even in spite of those who could be opposed) are contemplated, in particular, in accordance with the latter. As far as foreign policy coordination among the participants in the Common Market is concerned, it was intended raising it to a higher level--by no means "canceling" the foreign policy of the participants but orienting them toward as great a coordination of action on the international scene as possible.

But there immediately arose an obstacle in the way of realization of the arrangements arrived at in Luxembourg. The stumbling block was the position of Denmark, which back at the time it joined the Common Market in 1973 had declared that it would oppose its conversion into a political alliance. Copenhagen is also alertly watching the development of foreign policy cooperation within the EEC, fearing that it might call in question Denmark's traditional ties to the North European countries.

These singularities of the Danish position were only formally considered in the plan of reforms, which satisfied the P. Schlueter government, but not the Folketing (parliament), which rejected the plan as limiting the country's sovereignty and making it economically and politically dependent on the leading Common Market states. The question was put to a national referendum, which was held on 27 February. The majority of participants supported implementation of the reforms outlined in Luxembourg.

This outcome of the referendum was the result of an extensive propaganda campaign which had been organized by the bourgeois parties, big capital and the mass media, which are obedient to them. The pivot of this campaign was the proposition that a refusal to be associated with the decisions of the Luxembourg session would lead the country to economic collapse and political isolation. Pressure on the part of Copenhagen's community partners, who made it clearly understood that they were prepared to proceed along the path of expanded cooperation within the EEC framework even without Denmark, played its part also.

Such a development of events does not, of course, do away with other problems confronting the Common Market. But the leading circles of the EEC are hoping that now the community will be able to demonstrate its political competence and strengthen its positions in relation to the outside world.

Whether or not the Common Market will succeed here, time will tell. But even now the accords reached in Luxembourg, particularly on the greater degree of foreign policy coordination, are being put to a serious test in connection with the different approach of individual members to a number of international problems. The differences which exist between the partners are being manifested most graphically in respect of the American "star wars" program.

Great Britain has the dubious honor of first West European country to officially support the SDI. On 6 December the defense secretaries of Britain and the United States signed in London a "memorandum of understanding" regulating general rules of British companies' participation in realization of the American project. Yet only a year ago Foreign Secretary G. Howe was warning of its dangerous consequences. American diplomacy attempted to use this year to mobilize available resources of the "special relationship" between London and Washington.

In the wake of Great Britain negotiations on the terms of association with the SDI were begun by the FRG. The main question which has to be settled is the form in which West German firms' "contribution" to realization of the plans for the militarization of space will be effected. This question is giving rise to serious disagreements in the ruling coalition in Bonn itself. FRG Foreign Minister H.-D. Genscher (who has repeatedly made critical pronouncements in respect of the SDI) believes that an essential condition of the country's participation in the "star wars" program is the conclusion of a general agreement between the FRG and the United States on S&T cooperation. However, Genscher's position was said by Chancellor H. Kohl not to conform to the government's viewpoint.

In January FRG Economics Minister M. Bangemann made a trip to the United States to negotiate "an improvement in the general terms of the exchange of the results of scientific research and technological experience" and also a strengthening of the legal positions of the research establishments and industrial enterprises which announce "a desire to participate as subcontractors in the SDI research program." And although a government report says that financial resources for official participation in the SDI will not be allocated, the practice of the state subsidizing research performed by military concerns makes it possible to overcome this "self-limitation" with ease. Washington, however, wants more--an official intergovernmental agreement, which would stimulate the FRG's political participation in the SDI.

Nor is the United States leaving France "unattended," although Paris, as is known, has from the very outset refused to support the American plans for the militarization of space. This position was confirmed once again in President F. Mitterrand's book "Reflections on France's Foreign Policy," which was published at the start of the year. For this reason American diplomacy sees its mission in this case lying elsewhere--preventing the possibility of active opposition to SDI on the part of Paris and, if successful, enlisting French private firms in realization of the "star wars"

program. The experience of R&D connected with space which has been accumulated by some of them is considerably greater than that of other West European countries. A statement by French Defense Minister P. Quilès on 24 January calls attention to itself in this light. He confirmed that "from the political and international viewpoints" the government, as before, does not support SDI, however, he gave notice of a positive attitude toward private companies' participation in contracts connected with it. Thus the possibility of the conversion of French firms into subcontractors of the American military-industrial monopolies is by no means ruled out.

A consequence of the possible participation of West European companies in implementation of the "star wars" program could be, specialists believe, West Europe's increased technological dependence on the United States. As a result there would be an increased threat of subordination of the economy of the West European states to American monopoly capital. Such a prospect is causing concern in West European political and business circles. There is also a very pained reaction here to the transatlantic monopolies' attempts to lay their hands on all that lies in temptation's way. They are at times the cause of acute domestic political collisions in the West European countries. Great Britain, where the decision to sell to the American United Technologies concern the country's sole helicopter company, Westland, which had found itself on the verge of bankruptcy, caused a major political conflict in the M. Thatcher cabinet, may serve as an example. M. Heseltine who had the office of defense secretary and who had insisted on the adoption of a "rescue plan" for the British helicopter industry not by way of its transfer to American hands but with the help of a consortium of West European companies, resigned from the government.

The clash of interests of two monopoly groupings is thus being directly reflected at the political level also, within the ruling party included--as the confrontation of a pro-American tendency in questions of foreign policy orientation and the line geared to rapprochement with the West European Common Market partners. It is highly significant that disorder in the Conservative camp was also caused by plans to sell state-owned auto manufacturing plants of the British Leyland Corporation to the American auto giants Ford Motors and General Motors--E. Heath, former prime minister of the country, declared in a debate in the House of Commons that he would "fight this deal tooth and nail."

The Tory government has to consider such sentiments and take pains to somehow neutralize the discontent being caused by hypertrophied loyalty to Washington. After all, having declared officially on 5 December Great Britain's withdrawal from UNESCO for the reason of the allegedly inordinate "politicization" of this organization and the "anti-Western" focus of its activity, it in fact once again demonstrated its pliancy in respect of American pressure. For this reason some impressive action was urgently needed capable of demonstrating London's readiness to also actively develop the West European direction of its foreign policy. The decision to build a tunnel between England and France was designed to play the part of such a foreign policy symbol to a considerable extent. The corresponding understanding was reached during the meeting of F. Mitterrand and M. Thatcher on 20 January and enshrined the following month by the signing of an agreement between the two countries.

The stream of reports and commentary devoted to the upcoming building of the tunnel under the Channel distracted attention for a time away from the other "European" idea which has been under discussion for several months in political and military circles on both sides of the Atlantic. The essence of this idea is that it is essential that West Europe, to "solve" problems of safeguarding its own security, which would inevitably be exacerbated in the event of the United States' creation of a "space shield," have something like its "own" SDI double--a "European Defense Initiative" (EDI). This idea is being propagandized more assertively than others by Gen B. Rogers, NATO supreme commander in Europe. In January he called on the United States' allies to "begin a parallel program of the creation of space arms" and proposed that use be made for this of the possibilities which could be afforded by realization of the Eureka project--a program of the S&T cooperation of 18 West European countries. Such a proposal pursues two goals simultaneously--binding West Europe to Washington's military-space plans and at the same time, having limited the civilian focus of Eureka, preventing its conversion into a means of strengthening the positions of the West European center of interimperialist rivalry.

It is significant that among the West European states the greatest interest in the EDI idea is being displayed by, perhaps, the FRG. Evidently its supporters here (among whom are Defense Minister M. Woerner and, of course, CSU Chairman F.-J. Strauss) would like to accomplish a "breakthrough" toward possession of superstrategic--space-based--weapons, bypassing the "nuclear phase".

Meanwhile the deployment of all 108 Pershing 2 intermediate-range nuclear ballistic missiles on FRG territory has been completed. Cruise missiles have begun to arrive at the Hahn military base in the region of Hunsrueck (Baden-Wuerttemberg)--a year earlier than the previously appointed time. Development of the next program, according to which after 1988 it is planned embarking in the European "theater" on the deployment of new, this time, tactical, ground-to-ground and air-to-ground missiles fitted with nuclear warheads, is proceeding. The following picture is observed in the conventional arms sphere: in the current year the military provision of the West European NATO participants alone is to be increased by 900 tanks and armored personnel carriers, 250 aircraft and 20 warships (including an aircraft carrier).

In the United States the policy of continuation of wide-ranging military preparations has been reflected in the draft budget for the 1987 fiscal year. The White House's request provides for the appropriation for the Defense Department of a new record sum--\$311.6 billion. It is planned increasing almost twofold--to \$4.8 billion--the resources allocated for implementation of the "star wars" program; \$1.4 billion has been requested for the creation of the mobile Midgetman missile and \$1.7 billion for production of the Trident nuclear submarine. During the present administration's term of office the Pentagon's share of budget appropriations has grown from 21 to 28 percent.

A further characteristic feature of the administration's budget is the sharp reduction in appropriations for practically all civilian domestic programs (housing, transport, aid to the cities, farmers and the poor, medical services, job placement, environmental protection and so forth) and a proposal to eliminate 14 such programs designed for the needy altogether. This is being substantiated by the need to reduce the budget deficit.

However, this November's mid-term elections to the United States' highest legislative body are forcing many congressmen to ponder the electorate's reaction to a policy based on the "guns before butter" formula. As the experience of recent years testifies, despite all its wealth, the United States is not in a position to permit itself both. In any event, in developing its policy in the sphere of military organizational development the administration is finding itself forced to bear in mind the mood which exists on Capital Hill also.

And this fact is giving rise to certain apprehensions among the representatives of the American ruling class who are on the far-right flank of the political spectrum. Any arms control, even a slight retreat from the principle of reliance on military strength, could, according to their ideas, appear a sign of impermissible U.S. "weakness". After the top-level Geneva meeting they manifestly resolved to switch to a counteroffensive, to which the demands for an increase in the military items of the federal budget testify, in particular.

The past months were a period of hot political skirmishes in many other Western countries also. Discussion of the government enactment concerning "regulation of working hours" in France and bills concerning so-called "internal security" and a change in an article of labor legislation in the FRG was of a tempestuous nature. The axis of political life in Spain revolved around the acute, albeit unequal, struggle between the supporters and opponents of the country's membership in NATO on the threshold of the referendum on this issue set for 12 March. Relying on a powerful propaganda machinery, the pro-Atlantic circles, including the socialist government, engaged in the concentrated indoctrination of the electorate to win for themselves a favorable outcome of the vote. The pressure paid off. The referendum culminated in a victory for the supporters of Spain's continued membership in the Atlantic alliance. Nonetheless, their success is of a highly relative nature. Despite the well-organized pro-NATO campaign, almost 40 percent of the electorate supported the country's withdrawal from this organization.

The Portuguese went to the polls three times in the past months: in connection with elections to the local authorities and twice to decide who would be the country's president (the elections were conducted in two rounds). In the second round of the struggle for the position of head of state M. Soares, former leader of the Socialist Party, was victorious over the representative of the forces of the right, D. Freitas do Amaral, obtaining 51.7 percent of the vote.

This result of the elections was possible to a considerable extent thanks to the position adopted by the Portuguese CP. While harboring no illusions in respect of the views of Soares, the communists decided at their special 11th congress at the start of February to support him in the second round in order to bar the way to the candidate of reaction.

5. The 'New Globalism' in Action

A fashionable new term has appeared in the American political vocabulary-- "neoglobalism". Such is the name of the latest military-political doctrine developed by the "think tanks" of the United States. What is the essence of

this doctrine? An avowed reliance on power as the basic instrument of the achievement of the United States' foreign policy goals in various parts of the developing world. It is essentially a question of attempts to rehabilitate in the eyes of the country's public the interventionist policy which was discredited by the defeat of American imperialism in the war in Southeast Asia, more, a "theoretical" justification of the need to impart to it a global nature (whence the name of the doctrine) not confined to the limits of some part of the globe or the other.

There is nothing new in this, of course, despite the claims of the authors of the doctrine to present it as the last word in military-political thought. Direct interference in the internal affairs of other states and interventionism have long-standing traditions in the United States. It is sufficient to say that in the period 1946-1952 alone Washington resorted to the use of its armed forces abroad on approximately 250 occasions.

With the assumption of office of the present administration, which has proclaimed a "crusade" against communism and the national liberation movement, the reliance on power and diktat on the international scene have been elevated to the rank of official policy. Possessed by the intention of achieving "social revanche," American imperialism regards the whole world as an arena of the global confrontation with socialism and other anti-imperialist forces.

This approach also determines Washington's attitude toward regional conflicts. It sees them not as a source of the sufferings of millions of people but as a means of weakening and emasculating the national liberation movement and a convenient pretext for its interference. In accordance with this cynical approach the United States not only is not (sic) preventing a settlement of long-smoldering regional conflicts such as the Near East conflict but kindling new centers of tension in various parts of the world. The Persian Gulf, Central America, Afghanistan--such is a far from complete list of the planet's "flash points" which have arisen in recent years. The southern Mediterranean has been added to them in recent months.

For several weeks in January-February the United States spurred tension in direct proximity to the boundary of the territorial waters of the Libyan Jamahiriya. A naval armada of almost 30 ships, including 2 aircraft carriers, was transferred here. Virtually every day threats to "punish" the Libyan regime backed up by reports of the American mass media concerning the "planned targets" to be hit emanated from Washington and also Tel Aviv.

The pretext for the hysterical anti-Libya campaign were terrorist actions perpetrated at the end of 1985 at the Vienna and Rome airports. Without bothering with any proof, Washington hastened to accuse Libya of involvement in the incidents.

Observing the demonstrative military preparations of the United States in the southern Mediterranean and juxtaposing them to the unconcealed threats against Tripoli, many people asked themselves: what is behind all this? Is not Washington endeavoring to cause an incident which could be used as a casus belli--a pretext for aggression against Libya? Or are the threats to "punish" the Libyan regime backed up by a show of military strength merely the latest, albeit more dangerous, stage in the escalation of the "war of nerves" which the United States has been waging for a long time for the purpose of "wearing out" this country?

Whatever the case, on this occasion Washington decided to confine itself to blackmail. The reaction to the "crusade" proclaimed by the U.S. Administration against Libya on the part of the international community and the governments of many states was too unpropitious for adventures. The insolent threats against Libya evoked a wave of sympathy for Libya in the Arab world and condemnation of the United States' actions by practically all Arab countries. It also confused Washington's allies, many of which viewed the spurring of the bellicose hysteria surrounding Libya as a dangerous game fraught with unpredictable consequences.

Unwilling to admit defeat, the White House announced the imposition of economic sanctions in respect of Tripoli. But here also the United States found itself practically totally isolated. Its partners unambiguously made it understood that they would not participate in any "collective reprisals" of the West against Libya. In the current situation, in the general opinion of observers, the sanctions will not have any appreciable impact on the Libyan economy inasmuch as the level of business relations between the two countries is very insignificant.

According to the WASHINGTON POST, the imposition of an embargo on trade-economic relations with Libya represented an attempt to "save face"--persuade the public that the administration is doing something to "punish" the M. Qadhafi regime. To all appearances, Washington continued the "war of nerves" in the southern Mediterranean for a further few weeks, proceeding from these same considerations. Some U.S. naval maneuvers had barely finished before the next were announced. And once again "leaks" of information, once again reports citing U.S. official representatives concerning the possibility of "every kind of action" being taken against Libya.

In this tense atmosphere Tel Aviv, Washington's ally, carried out a dangerous provocation. Israeli fighters intercepted in international airspace a Libyan passenger airliner and forced it to land at one of its military airfields. Then followed a baggage inspection and search of the passengers, among whom was a member of Syria's top political leadership.

Tel Aviv explained what had happened as a "mistake," evidently believing that this was an end to the incident. The reaction of the international community, which categorized Israel's actions as an act of state terrorism, was different. Only the veto of the U.S. representative in the UN Security Council prevented the passage of a resolution condemning Tel Aviv. Washington thereby demonstrated for the umpteenth time that it gives its "strategic" ally carte-blanche for plunder in respect of sovereign states--be it Libya, Syria or long-suffering Lebanon, which has been literally torn apart by incessant Israeli aggression.

The start of the year was marked by new acts of this aggression. In the first days of February the Israeli Army moved to extend the "security zone" in the south of the country which has actually been torn away from the rest of Lebanese territory, and then on the pretext of freeing two servicemen taken prisoner by Lebanese patriots the Zionists undertook a wide-ranging punitive operation north of this zone--the biggest since 1982 in the estimation of Western specialists. After outrages which lasted almost a week, the forces of the aggressor were pulled back, but official Israeli representatives threatened a repetition of such an operation if they deemed it necessary.

It is indicative that the aggressive actions of the Israeli military coincided with a new exacerbation of the domestic political crisis in Lebanon. And this was no fortuitous coincidence, of course. It was noted long since that each time prospects of a settlement of the Lebanese crisis have appeared, an expansion of Tel Aviv's interference in this country's internal affairs has followed. So it was now also.

An agreement on a normalization of the situation in the country and the restoration of its unity which had been drawn up by three of Lebanon's main military-political groupings with Syrian mediation was signed on the eve of 1986 in Damascus. However, the practical implementation of the tripartite agreement foundered on the emphatic opposition of the rightwing-Christian parties which are a part of the "Lebanese Front," including the most influential of them--the Kataib Party (which is under the patronage of President A. Gemayel). Their opposition to the accords reached in Damascus reflects the unwillingness of the Maronite bourgeoisie to forgo its privileges, which were to have been abrogated in accordance with the agreement.

In signing it E. Hobeika, chairman of the Executive Committee of the "Lebanese Forces" (the armed formations of the "Front"), set himself against the political leadership of the rightwing-Christian camp. A split occurred in the "Lebanese Forces" which developed into armed clashes between supporters and opponents of the Damascus agreement. The latter were headed by S. Geagea, chief of the General Staff of the "Lebanese Forces". As a result of bitter fighting lasting several days the units loyal to Hobeika were battered, and he himself resigned.

In accordance with the long-practiced scenario, a "dynamite war" flared up in the wake of the bloody internecine strife in the rightwing-Christian camp--the Christian area of the capital was shaken by a series of powerful explosions. What was behind them, observers ask: a settling of scores within the Christian community or a warning to opponents of the tripartite agreement? Whatever the case, the explosions served to detonate a new outburst of armed clashes along the Green Line dividing Beirut into Christian and Muslim sectors and also in other parts of the country.

According to N. Berri, leader of the Shi'ite Amal movement, the resumption of combat operations incited by opponents of a peace settlement and democratic transformations in Lebanon testifies that the country is entering the most dangerous period of its history. N. Berri and also a number of other prominent politicians, including W. Jumblatt, leader of the Progressive Socialist Party, and S. Franjieh, former president of Lebanon, demanded the resignation of President A. Gemayel. Prime Minister R. Karami and other Muslim ministers are boycotting government meetings.

Whatever the further development of events, one thing is clear: continuation of the civil war does not correspond to the interests of any of the communities living in Lebanon. This applies, of course, to the Christians also. Observers believe that continuation by its leaders of the present policy of preservation of the sociopolitical status quo is utterly futile. As the London FINANCIAL TIMES observed a few years ago, in the overall balance of forces the armed formations of the rightwing Christians are too small to

resist the Muslim detachments on their own. "In the eyes of the Muslim masses the present regime is acting from communal positions and has no desire for compromise." Such obstinacy is extremely dangerous if it lacks powerful patrons. Yet neither the United States nor Israel have shown themselves to be reliable allies.

A similar thought was expressed this January by THE WASHINGTON POST. The Christians, it observed, "cannot realistically hope that the Americans and Israelis will pull them out of trouble." In terms of its position Syria is "the sole country capable of assuming patronage in Lebanon." Damascus is offering "the Christians a lesser, but, on the other hand, guaranteed share of power. They cannot allow themselves to reject this offer."

It remains to add to what has been said that "pulling the Lebanese out of trouble" is not part of the intention of Tel Aviv and Washington. On the contrary, the worse the situation in Lebanon, the better for the "strategic" allies, which regard this country as an arena for a power confrontation with Syria conducted, in the words of one observer, via "intermediaries". The calculation here is simple: a Damascus involved in internal Lebanese discord, the partners in the alliance believe, will be unable to actively counter the attempts of the United States and Israel to impose on the Arabs their version of a Near East settlement.

It was not fortuitous that the new outbreak of internecine clashes in Lebanon and the hysterical anti-Libya campaign were accompanied by the latest burst of Washington's diplomatic activity. In January R. Murphy, assistant U.S. secretary of state for the Middle East, made a tour of the capitals of a number of West European states, where he met with Jordan's King Hussein and Israeli Prime Minister S. Peres. According to foreign press reports, the purpose of the present round of Murphy's "shuttle diplomacy" was removal of the obstacles in the way of a resumption of the "peace process" in the Near East. Translated from diplomatic into everyday language, this means the preparation of Israel's direct negotiations with its Arab neighbors, primarily Jordan, which is assigned a key role in the attempts to breathe life into the "Reagan Plan" for the Near East.

Observers called attention to the fact that on his return from West Europe Hussein met several times with Y. Arafat. To judge by statements of both figures, the main attention in the course of the meetings was paid to a discussion of questions concerning the terms of the PLO's possible participation in negotiations within the framework of the "peace process". Subsequent pronouncements of Hussein and Arafat permit the conclusion that the parties were unable to overcome the serious disagreements on this and also a number of other issues. Analyzing Hussein's statement on the suspension of consultations with Arafat, observers are viewing it as an actual abandonment of cooperation with the PLO.

The reaction of Washington officials leaves no doubt that they discern in the current situation a favorable opportunity for a stimulation of the Camp David process. After all, the main obstacle on this path--the PLO, with which Israel is unwilling to have any dealings--is being sidelined. But haste must be made, and the Arabs need to be inspired. Otherwise the chance could be lost: in October S. Peres, who is disposed toward compromise, will give way

as prime minister to his partner in the ruling coalition, the "hawk" Y. Shamir. And then, they say, there will be no question of an "exchange of territory for peace". And what if Peres should change his mind, the same thought is developed in Washington. He might all of a sudden return to the idea of "administrative autonomy" for the Palestinians (of which there has been talk in Tel Aviv recently--author).

The maneuvers of American-Israeli diplomacy are giving rise to justified concern in the Arab world. The true purposes of the attempts being made by Washington and Tel Aviv are recognized here--"closing" the Palestinian question and substituting for a genuine settlement its surrogate. Experience shows that such a policy is doomed to fail.

The lack of settlement of the Palestinian problem is the main cause of the constant tension in this part of the world. Another is the war between Iran and Iraq, which has lasted more than 5 years now. In February, on the seventh anniversary of the Islamic revolution in Iran, this country's armed forces began the latest offensive against the Iraqi Army's positions.

In the course thereof Iranian forces succeeded in crossing the Shatt al-Arab River (which is the border between the two countries) and capturing a beachhead on the Iraqi bank in the area of the port of Faw. The Iranian forces thereby acquired an outlet to the borders of Kuwait and a number of other states. Although Tehran is emphasizing the limited nature of the operation, in the countries of the Persian Gulf zone the Iranian Army's success has caused unconcealed anxiety. The main question which is being asked here is: will the Iranian Army stop at the border or will the war spread to their territory, the more so in that all these states support Iraq. Preparing for the worst, Kuwait announced that the country's armed forces were being put on a state of full combat readiness.

Commenting on the development of events, Western specialists agree that, despite the Iranian Army's initial success, its continued advance deep into Iraqi territory for the purpose of capturing the strategically important Basra will require of Tehran forces and resources which it does not possess. Iraq has indisputable superiority in the air and also in tanks and armored personnel carriers. Furthermore, in the southern part of the front, where the fighting has developed, Iraq has created deeply echeloned defenses.

Tehran can set against this a superiority in the numbers of its armed forces: according to estimates, there are over 1 million persons under arms in the country. But only approximately half of them are at the Iran-Iraq front. And, furthermore, the bulk of the forces taking part in the fighting is composed not of regular army units but irregular formations of "Revolutionary Guards" and detachments of "volunteers," among whom there is no shortage of fanaticism, but who lack elementary combat training. Following lengthy prayer meetings and sermons thousands of such "volunteers" are sent to the front--frequently straight from school--to almost certain death. According to even official data, in the period preceding the last offensive Iran had lost 300,000 persons killed, wounded and missing without trace.

Nonetheless, judging by the mood in Tehran, it intends, regardless of the losses, continuing the war until the achievement of the proclaimed goal--the ouster of the "Bathist regime" and the "punishment" of S. Hussein. This is how LE MONDE describes the atmosphere reigning in Iran: the offensive is being "accompanied by outright war hysteria. Bellicose slogans can be heard everywhere, even in primary school, where the pupils begin classes with the chanting of the 'war, war, war to the victorious end' slogan."

Obviously, such a policy is capable of leading only to thousands of new casualties and new disasters and suffering for the peoples of both countries. The entire preceding course of the war has shown that it can have no winners. As the USSR and many other states believe, continuation of the conflict does not correspond to the interests of either Iraq or Iran, and the only gainers from this are the circles which are everywhere seeking a pretext to interfere and realize their hegemonist designs.

Incidentally, the complete absence of a pretext by no means serves as an obstacle to these circles' interference in the internal affairs of sovereign states and their relations with one another. A graphic example is Afghanistan, against which the United States and certain of its allies have for many years been waging an undeclared war.

It cannot even be called secret inasmuch as it is being waged virtually in the open. In the current fiscal year alone Washington will grant the rebels based on Pakistani territory \$470 million as a kind of "fee" for the subversion and acts of sabotage and assassination perpetrated in Afghanistan. The bandit formations are acquiring from their patrons the most modern weapons, including missiles, and also instructors, who are teaching the rebels their dirty trade.

In addition, an interdepartmental group for coordinating the United States' policy and programs in respect of Afghanistan, which is chaired by M. Armacost, U.S. undersecretary of state for political affairs, was set up across the Atlantic recently. Its mission is the "increased effectiveness" of the assistance rendered Pakistan. It is indicative that the undeclared war against Afghanistan is being escalated at a time when progress has begun to show at the Afghan-Pakistani talks in Geneva with the mediation of the personal representative of the UN secretary general. As B. Karmal, general secretary of the PDPA Central Committee and chairman of the DRA Revolutionary Council, declared addressing a press conference in Kabul on 27 January, in the course of the talks general agreement was reached concerning the question of noninterference, international guarantees and the voluntary return of refugees. A transition from indirect to direct negotiations is required, he emphasized, for settling the outstanding details.

Such a turn, however, is not part of the plans of the United States, which is expanding the scale of subversive operations in respect of the DRA. An extremely short-sighted and irresponsible policy is also being pursued by the Pakistani regime, which has obviously forgotten that those who live in glass houses should not throw stones. Having made the country's territory available for the perpetration of aggression against Afghanistan, Islamabad

has found itself in a state of war with the population of the border areas. The long pent-up discontent of the Pashtun and Baluchi tribes which live here with the conversion of their land into a base of the Afghan counterrevolution developed at the end of the year into armed resistance to the authorities and basmach bands. First the Pashtuns and then the Baluchis took up arms to protect their rights, defend their traditional autonomous status and put an end to use of the zone of the free tribes--as the areas where they have settled are called--as a springboard for subversive operations against a neighboring country.

The Pashtuns and Baluchis have repeatedly expressed solidarity with democratic Afghanistan and with their blood brothers living on the other side of the border. Some 1,200 representatives of these tribes living a settled or nomadic existence on the Pakistani side of the border took part in the Supreme Jirga of Border Tribes which took place in September 1985 in Kabul. They included leaders and revered elders and religious and military figures of the Afridi and Shinwari tribes. It was on these tribes that the main assault of a punitive corps of the Pakistani regular army fell (under the false pretext of combating the smuggling of narcotics and guns).

Pakistani troops have occupied the area of the Khyber Pass (one of the hirelings' main penetration routes into the territory of Afghanistan). They are leaving behind them scorched earth, razing the dwellings of the mountain dwellers and leaving the Pashtuns shelterless at the cold time of the year. According to Wali Khan Kukikheila, leader of the Afridi tribe, even the British colonizers did not resort to such methods.

Fate and life for the national minorities and tribes in Afghanistan are taking shape entirely differently. A new political system guaranteeing equality and justice for all citizens has been created and is functioning in the DRA. The National Fatherland Front, which incorporates the representatives of all nationalities inhabiting Afghanistan, has been formed. The government of the country is implementing a wide-ranging program to provide the outlying pastural and caravan routes of the stockbreeder nomads with water (water for them means greater wealth than land).

It is not surprising that the goals proclaimed by the revolution are encountering understanding and broad support on the part not only of the Pashtuns but other tribes and nationalities also. Evidence of this was the February meeting of the Central Council of Hazara Working People (in the past one of the most oppressed and backward nationalities of Afghanistan), whose participants declared their support for the revolutionary transformations in the country and also solidarity with the just struggle of the Afridi and Shinwari tribes courageously defending their rights in the face of the aggression of the Islamabad regime.

Under different conditions and by different means the same struggle for the right to be master on their own land is being conducted by the indigenous population of South Africa. Under the blows of Africans' mass protests the foundations of apartheid are being shaken increasingly and uncertainty developing into confusion in the ruling circles is growing. In order to prolong the existence of long-outmoded practices, they are maneuvering and attempting to "modernize" and "reform" the system of "separate development".

At the start of the year the head of the regime announced a partial extension as of 1 July 1986 of the property and political rights of the indigenous inhabitants and also the impending abrogation of the "pass" laws, which have allowed the authorities to control Africans' movement about the country. ID's uniform for all are being introduced in their place. But they only formally equalize the rights of representatives of the different races inasmuch, it is anticipated, as the police will demand that they be shown only by Africans. The laws banning mixed marriages have been rescinded also.

The winds of change blowing over the country, which is in the grip of disturbances, has brought about a split in the ranks of the ruling class. Thus a group of prominent representatives of local business recently met with ANC President O. Tambo in Lusaka (Zambia) to discuss the current situation. F. Van Zyl Slabbert, leader of the liberal opposition and head of the Progressive Federal Party, condemned the government, which is "waging war against the people in South Africa itself." Disagreements have also flared up in the ranks of the ruling group: President P. Botha disavowed his foreign minister, who had declared that he could imagine a situation where by the end of the century an African would occupy the position of head of state. On the other hand, for the ultraright united in the ranks of the Conservative Party even P. Botha appears too "liberal" a ruler.

One way or another, the sole support of the regime remains the vast military-political machinery used by the racists not only for launching attacks on the liberation movement inside the country but also as a means of permanent pressure and subversive operations against neighboring countries.

A recent example is Lesotho--a small kingdom surrounded on all sides by South African territory. Pretoria had been putting pressure on this state for a number of years, seeking a change in its foreign policy orientation and the handover of ANC guerrillas allegedly to be found here who are conducting an armed struggle against the racist regime, and as of 1 January 1986 the South African authorities imposed a total economic blockade on the kingdom. This led to a sharp exacerbation of the situation in the country and ultimately to the ouster of the L. Jonathan government and the accession to power of a military council headed by Gen J. Lekhanya.

Pretoria, however, did not achieve all its goals. The group of refugees left Lesotho, it is true, traveling to Zambia, where they will be in greater safety. At the same time, however, Lekhanya declared that he was not about to hand over the remaining refugees to the racists' reprisals and did not intend concluding a "nonaggression pact" (or "security agreement") imposed on him by South Africa.

It is indicative that Washington, which aims thunder and lightning against "terrorist regimes," confined itself on this occasion merely to a mild censure of the racists bordering on a paternal reprimand. And even this was done merely "for public consumption".

But is anything different to be expected? Can the United States in all seriousness condemn the racists' subversive actions against neighboring states if it itself is practicing the same methods of combating regimes which do not suit it, in southern African included. And this has been done openly recently, what is more.

At the end of January-start of February Washington was visited by J. Savimbi, leader of the UNITA anti-Angolan terrorist grouping, who was accorded a first-class reception there. The traitor to the Angolan people, who practices such bandit methods as the taking of foreign citizens hostage and firing at passenger aircraft, was invited to the White House by the U.S. President himself. He promised to increase aid to UNITA. According to American press reports, it could amount to \$54 million.

While proclaiming its allegiance to the principle of the "free choice" of the people Washington by no means abides by it even in respect of countries which are considered "friends" of the United States. This was shown graphically by the events in the Philippines, where presidential elections were held at the start of February. The preparations for them and the elections themselves proceeded under the conditions of high-handed interference from across the Pacific.

By flirting with the bourgeois opposition (which was headed by C. Aquino, widow of the well-known politician killed in 1983) Washington hopes to put pressure on the president, making him responsive to American "recommendations". The actions of S. Bosworth, U.S. ambassador in the Philippines, were reminiscent, according to a high-ranking Philippine figure, "of the behavior of governors-general in... the colonies." The elections were attended by a mission of American "observers" consisting of 20 persons headed by R. Lugar, chairman of the U.S. Senate Foreign Relations Committee. In the first days of February the cruiser "Blue Ridge," flagship of the 7th Fleet, and the "Midway" attack aircraft carrier tied up at the U.S. Subic Bay naval base, which was designed to serve as a reminder to the two candidates of the means at the United States' disposal for defending its "interests" in the country.

The elections, which were marked by the high assertiveness of the electorate, took place in a tense atmosphere and were accompanied by armed clashes in places. The opposition, supported by broad strata of the population and the Catholic Church, refused to recognize F. Marcos the winner, beginning a nationwide civil disobedience campaign. In the face of the crisis situation the White House sent to the Island republic a special emissary--P. Habib, who had already won the dubious laurels of "peacemaker" in Lebanon. His mandate was obviously: whatever happens, the bases must remain.

Monitoring missions of the U.S. Congress, which inspected the situation in the country incessantly, followed one after the other. Washington's diplomatic demarches were supplemented by the transfer to the archipelago from Okinawa of 2,000 marines from the RDF and 300 Green Beret instructors.

Such "attention" to the Philippines introduced even greater nervousness to the situation. Having abandoned its originally proclaimed "strict neutrality," the United States gradually increased pressure on F. Marcos, seeking the resignation of a figure who had become inconvenient for it. The U.S. Senate--in a manner unprecedented even for this country--passed a resolution proclaiming that the results of the elections could not be considered "an honest expression of the will of the Philippine people" owing to the "widespread cheating".

As soon as P. Habib had left Manila, two high-ranking figures--Defense Minister J. Enrile and F. Ramos, acting chief of the Armed Forces General Staff--announced a break with F. Marcos on account of the abuses and vote-rigging which had been permitted in the course of the elections and switched to the side of C. Aquino (C. Aquino proclaimed the creation of a transitional government headed by her practically simultaneously with the "inauguration" of F. Marcos).

The denouement occurred on 25 February. Following a telephone conversation with Washington F. Marcos decided to resign as head of state and left for the United States. There thus ended the 20-year period of his rule. The new regime was headed by C. Aquino--a 52-year-old housewife and mother of five. S. Laurel--a most experienced politician and owner of a large fortune--was appointed vice president and prime minister. In her speeches C. Aquino called on the people for national reconciliation and announced an amnesty for political prisoners. The new government is faced, however, with a number of most severe socioeconomic problems, particularly the need to pay off a huge foreign debt amounting to \$27.5 billion, a reduction in the mass unemployment, which amounts to 40 percent of the able-bodied population, and so forth.

The collapse of yet another regime which had long been supported by Washington--on Haiti--occurred in the period that has elapsed. The bloody rule of the Duvalier family lasted for almost three decades, three decades of incessant terror, whose casualties, according to different estimates, were 30,000 to 50,000 persons. More than 1 million Haitians or one out of every five had left the country, in fear of the Ton-Ton Macoutes and starvation.

But every dictatorship comes to an end sooner or later. Haitians' long pent-up hatred of the executioner and his entourage developed at the end of last year into mass protests against the bloody tyranny. Worried by the scale thereof, Washington began to hastily adopt measures to renew the facade of the regime. The dictator was "persuaded" to leave the country, and the "power vacuum" which ensued was filled by accomplices of the leader in flight who set up a so-called "National Council of Government".

Washington is not concealing its satisfaction with how the "orderly transfer of power" was completed. At the same time, distorting the facts, attempts are being made here to draw a parallel between the events which occurred on Haiti and the situation surrounding Nicaragua. The purpose of such exertions is to persuade the public of the "justification" of interference in the internal affairs of the country of Sandino, the scale of which is expanding constantly. In addition to the \$27 million for arming the Contra bands which has already been allocated, the administration is seeking from Congress a further \$100 million. Having encountered strong opposition on the part of the legislators, the head of the White House and his closest advisers are resorting to unconcealed blackmail: if assistance to the "freedom fighters" (as their patrons call the Contras) is not granted, sooner or later this will make American troops' direct invasion of Nicaragua essential.

The decisions of the 27th CPSU Congress and the documents which it adopted will for a long time to come have a direct impact on the international situation. The pronouncements of foreign politicians and mass media commentaries naturally differ in tone. However, no one, not even our fiercest enemies, can deny that the congress was an event with tremendous political repercussions. It is of fundamental significance for the accomplishment of cardinal tasks--acceleration of the Soviet Union's socioeconomic development and its progress on the path toward communism. The congress advanced large-scale initiatives designed to move the most acute international problems from deadlock, ensure the creation of an all-embracing system of security, remove the threat of destruction looming over mankind, destroy nuclear weapons and radically change the political climate in the world for the good of all peoples.

The highest forum of Soviet communists strikingly demonstrated once again the great truth that socialism, creation and peace are inseparable.

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ECONOMIC POSITION OF ARAB OIL-EXPORTING COUNTRIES VIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 4, Apr 86
(signed to press 19 Mar 86) pp 121-125

[Article by R. Oganessov: "The Arab Oil-Exporting Countries in the First Half of the 1980's"]

[Text] For the Arab oil-exporting states, chiefly members of OPEC, as for the other emergent countries participating in this organization also, the first half of the current decade was a period of serious economic difficulties and upheavals even.

The difficulties which arose were brought about primarily by significant changes in the conditions of the world oil market. The high dollar exchange rate also exerted a certain contradictory influence. Finally, the first results of these states' economic development and the consequences of their chosen economic policy began to be reflected in the first half of the 1980's.

The impact of objective difficulties and economic miscalculations on the socio-economic situation in individual countries was mitigated to this extent or the other by their currency-finance situation. Nonetheless, all of them, including the small Persian Gulf monarchies, whose losses in the 1970's had been compensated by huge financial resources, are seriously pondering the development prospects of the national economy.

The World Oil Market and OPEC

After the two leaps in the price of liquid fuel in 1973-1974 and 1979-1980, when the cost of a barrel reached \$38, a relatively stable downward trend took shape on the oil market. In real terms the average price of oil declined annually almost 25 percent from 1981 through 1985. At the same time, however, last year it was approximately 80 percent higher than the level at the start of 1978,* the nominal price amounting (depending on grade) to \$25-29 per barrel. A situation arose on the oil market typical of a "buyer's market," when a growth in the number of sellers and the increase in capacity for production of the liquid fuel proceeded in parallel with reduced demand on the part of the main importers--the developed capitalist countries. Thus from the peak level of 2.08

* WORLD FINANCIAL MARKETS, December 1985, p 7.

billion tons in 1979 it declined to 1,695,000,000 tons in 1985, that is, 20 percent. Serious and long-term changes in the structure and dynamics of energy consumption and its production base were reflected in this situation.

Energy-saving measures which were more effective than many people had supposed in the 1970's and considerable changes in the structure of the consumption of primary energy carriers had a tangible depressive impact on demand for oil. As a result the general increase in the cost of the energy component in the production of commodities and services predetermined a considerable reduction in the rate of growth of energy consumption compared with the general economic growth rate.

A factor of considerable importance curbing demand for oil are the consequences of the last economic crisis and the continued slack growth of the capitalist economy. The average increase in the GNP of the seven leading capitalist countries constituted in the first half of the 1980's some 2.2 percent compared with 3.6 percent in the 1970's and 5.7 percent in the 1960's.*

Simultaneously with the sharp reduction in the exports of oil from the OPEC countries there was an increase in its production and exports in the relatively "young" oil-producing states (Mexico, Britain, Norway and others) competing with them. Thus in 1984 OPEC's share of total liquid fuel production in the non-socialist world had declined to 41.4 percent compared with 63.2 percent in 1973. In 1985 the organization of petroleum exporters recorded, obviously, the lowest level of liquid fuel production in the past 20 years. In 1984 the revenues of its participants declined to \$160 billion, whereas back in 1980 they had reached their peak--\$279 billion.** Competition also led to a sharp increase in the volume of single transactions, which constituted approximately one-third of the world liquid fuel market.*** And, furthermore, the prices here were constantly lower than those which had been set at past sessions of the organization of petroleum exporters.

The lowering of the price of oil and the reduction in the sale thereof confronted practically all OPEC participants with a dilemma--either to wind down socio-economic programs or increase the foreign debt. Many of them (Algeria, Venezuela, Indonesia, Nigeria and others) had a large debt even prior to the fall in export revenues. The overseas financial deposits (the so-called surpluses of a number of Arabian countries--Kuwait, the UAE, Saudi Arabia) were reduced also.

In the first half of the 1980's, under the conditions of acute financial difficulties, a number of states, Arab included, violated the arrangements within the OPEC framework concerning country quotas pertaining to the production and export of oil and attempted to increase sales by way of offering hidden discounts, concluding barter deals and so forth. The above-mentioned Arabian states, which endeavored to perform the role of "stabilizers" in the atmosphere of the ever deteriorating situation on the oil market, accounted for the bulk of the reduction in exports, however.

* WORLD FINANCIAL MARKETS, December 1985, p 2.

** PETROLEUM ECONOMIST, July 1985, p 236.

*** See OPEC--THE FINANCIAL CRISIS, January 1985, p 3.

As a whole, however, a weakening of OPEC's regulating functions was observed in this period, and market prices reflected not so much the long-term prospects of the use of energy raw material under the conditions of a relative shortage of liquid fuel and the trend toward the increase in the costs of exploration and the exploitation of new oil deposits, incomparable with the Near East deposits, as a rule, as different factors of supply and demand.

The Dollar, Interest Rates and 'Oil Money'

Together with the decline in revenues from oil--the main source of currency receipts--its exporters, primarily among the developing countries, experienced in the first half of the 1980's the highly contradictory impact of the currency-finance situation in the world. As is known, it was characterized by the high exchange rate of the American dollar and dollar deposit interest rates and also the exacerbation of the emergent states' debt problem.

In connection with the fact that the dollar is the currency of payment for oil the increase in its exchange rate and purchasing power outside of the United States had a certain mitigating impact on the reduction in the petroleum exporters' revenues. To a certain extent the decline in oil revenues was also compensated by income from the financial "surpluses" of a number of petroleum exporters, primarily Saudi Arabia, Kuwait and the UAE,* which had been invested mainly in the West. Dollar deposits bringing in high interest and dividends constitute more than 70 percent of these resources. According to a Bank of England estimate, the sum total of the "surpluses" reached its peak--\$395 billion--in 1982.

The dynamics of the export of capital in the form of "oil money" (or petrodollars) following the first leap in the price of the liquid fuel in 1973 were highly uneven. The largest sum of unspent export revenues of the order of \$91 billion was recorded in 1980 following the second price jump. However, a sharp fall then followed, and an absolute decline in the said resources--of \$15 billion--was observed in 1983.** This testified to the appearance of balance of payments deficits even among the main owners of these resources.***

The high exchange rate of the dollar and the interest rates on dollar deposits also exerted a negative influence on the currency proceeds of the petroleum-exporting countries. It is well-known that the rich Arab oil-producing countries

* According to different estimates, the foreign deposits of Saudi Arabia amounted to \$170-190 billion, of Kuwait to \$90-100 billion and the UAE to approximately \$50 billion.

** BANK OF ENGLAND QUARTERLY BULLETIN, March 1985, p 71.

*** In the 1970's, upon an analysis of problems of the OPEC participants, it was customary in Western economic literature to divide them into countries with "low and high absorptive potential" (the reference was primarily to the absorption of export revenues by way of imports of goods and services). Now the terms "rich and poor" OPEC participants are employed more often abroad in connection with the greater urgency of the financial problems of the petroleum exporters themselves. The subgroup of the "rich" consists of Qatar, Kuwait, the UAE and Saudi Arabia. The remainder--Algeria, Venezuela, Gabon, Indonesia, Iraq, Iran, Nigeria and Ecuador--correspondingly pertain to the subgroup of countries characterized by a large foreign debt. Libya has been included here increasingly often recently.

shared with Western finance capital the benefits from the rise in interest rates. However, it is also obvious that for the same reason the large group of debtor-oil exporters incurred sharply increased payments (interest payments particularly) to foreign creditors. Thus in 1985 this group's net debt to the West was put at \$100 billion.*

Financial assistance and concessions with respect to the oil-production quotas for the petroleum exporters experiencing big difficulties on the part of the "rich" OPEC participants proved far from sufficient for extricating such a country as, say, Nigeria from the state of acute debt crisis. Even the hidden increase in exports and the reduction in import programs were unable to halt the sharp deterioration in the liquidity indicator of the "poor" petroleum exporters.** As of 1982 it was almost half of what it was in 1973, that is, prior to the sharp increase in the oil price.*** Access to foreign capital markets even for the short-time financing of foreign trade was severely restricted for many of the said countries.

It should also be emphasized particularly that even the sparsely populated monarchies of the Arabian peninsula began to experience a balance of payments deficit. Thus for Saudi Arabia the deficit constituted \$18 billion in 1983.****

Although it would seem to ensue from the available OECD estimate and forecast that the petroleum exporters are capable of adapting to the conditions of declining imports and the relative stability of exports (see table), such a conclusion would seem highly contentious. And here is why. Whereas for the sparsely populated countries of the Persian Gulf the preservation of oil exports at the present low level will for some time have a depressive impact on their financial "surpluses," for the other subgroup of countries under the conditions of serious difficulties in obtaining foreign credit such a situation means a cutback in vitally important import items, which is fraught with grim consequences for economic development and the sociopolitical situation.

As far, however, as the "surpluses" mainly of a number of Persian Gulf Arab countries are concerned, the question here is what kind of influence will be exerted by a whole set of factors on the huge "oil money" market. These include the future dynamics of the export of oil and its price, the position of the dollar and OPEC's struggle to maintain the status quo in the market (including assistance to its participants which have suffered the most), the unity of the organization itself and the policy of the OPEC members' economic development and so forth.

* "OPEC--THE FINANCIAL CRISIS," p 8.

** The liquidity indicator is expressed in the number of weeks or months in which imports can be paid for by a country's existing gold-currency reserves.

*** "OPEC--THE FINANCIAL CRISIS," p 1.

**** THE BANKER, May 1985, p 58.

Balance of Payments of Petroleum-Exporting Developing Countries (\$, billions)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u> ¹	<u>1986</u> ²
OPEC countries including	50	-15	-20	-10	-4	-4
Countries with "low absorptive potential" (the "rich")	69	12	-7	-3	-3	-2
Countries with "high absorptive potential" (the "poor")	-19	-18	-14	-7	-2	-2

¹ Estimate; ² Forecast.

Source: OECD ECONOMIC OUTLOOK, June 1985, p 135.

Certain Problems of Development

The dissimilar impact of the fall in oil revenues on the Arab oil-producing countries with high and low absorptive capabilities has intensified the existing differences in the nature of the economic problems confronting both subgroups of countries.

The majority of representatives of the first subgroup have found themselves practically in the typical debt situation which has been encountered by many other developing states. This applies primarily to such countries as Algeria and, with certain reservations, Iraq. Like the other oil-producing states with a significant industrial base and quite diversified economy (Venezuela, Indonesia, Mexico, Iran and, to a certain extent, Nigeria), they were regarded in financial circles of the West in connection with the considerably increased oil revenues in the 1970's as clients with favorable credit risk indicators. Therefore under the conditions of accelerated economic growth additional financial requirements were easily covered by way of the attraction of foreign capital (mainly bank credit).

When, however, the reduction in export revenues and the corresponding lowering of the growth rate in the first half of the 1980's coincided with the need for a sharp increase in interest payments in connection with the abrupt rise in the rate thereof, the said countries found themselves in the debt "snare" typical of this period. Even if the debtors did not appeal to the creditors for a deferment, the sharply increased amounts of these payments forced them to seriously cut back imports and domestic, including industrial, consumption, halt many investment programs and devalue the national monetary units. Inflation, unemployment, the underloading of production capacity and such are growing in these countries.

The unfavorable conditions of the first half of the 1980's also made a considerable mark on the implementation of development programs in such countries as Saudi Arabia, Kuwait and the UAE. The fact that the wealthiest oil-producing states encountered serious economic difficulties, of a somewhat different nature than the other petroleum exporters, it is true, is in itself an interesting and relatively new fact.

As already mentioned, the sparsely populated Arab monarchies of the Persian Gulf accounted for the bulk of the reduction in oil exports. The implementation of import programs continued for some time here on the basis of the high growth rates which had been laid down in the plans earlier. This process was particularly characteristic of Saudi Arabia, which in 1983 even was experiencing a balance of payments deficit of \$18 billion.* Of course, the huge overseas assets of the three countries alleviated to a considerable extent the difficulties with their balances of payments.

However, the decline in these assets as of 1983 indicated that the income from them was no longer catering for the balancing of the said states' foreign payments. The further decline in overseas capital investments confronted them sharply with the problem of a stricter accounting of domestic spending. The sharp deterioration in the financial position of private and state organizations under these conditions revealed quite graphically the immanent weakness and artificiality of many fundamental components of the Arabian monarchies' development programs in the past 10-12 years.

As is known, the basis of the development strategy of the sparsely populated and wealthy countries of the Arabian peninsula was an aspiration to the accelerated cultivation of local private capital based on the powerful financial, legislative and other support of the state. And the latter possessed for this unique opportunities, which were used practically without restriction for the financing of private business. For many private enterprises the state was the main and sometimes sole source of initial capital accumulation. Legislative protection, on the other hand, consisted primarily of the "Saudization" and "Kuwaitization" of the banks and other private enterprises, which could be opened only by local citizens and with the predominant participation of their capital. Other measures encouraging the development of national private enterprise were adopted also.

However, the experience of the creation of a "healthy and strong" private-economic capitalism in these countries proved to be negative on the whole. The state, as a rule, did not succeed in leading local business beyond the limits of commercial-usurious transactions and speculation in real estate and transport and other kinds of services. And where the profit norm was lower, that is, in industry, the production infrastructure and certain spheres of economic activity, predominantly state-owned organizations operated.

The agriculture of the Arab oil exporters was in a special position thanks to generous government subsidies. As a result, particularly in Saudi Arabia, self-sufficiency in the production of grain and a number of other agricultural products was achieved. However, in order to ensure the farmers' profits the state is purchasing their products at extremely overstated prices compared with the world level.

An aspiration to grab large sums mainly from state orders attracted a large number of foreign businessmen to these countries. The numbers of foreign workers increased considerably also. Immigrants--mainly from the developing states of the Arab East and South Asia--began to perform an active role in the economic

* THE BANKER, May 1985, p 58.

life of the countries in question. The majority of them, businessmen included, would obviously be interested in obtaining citizenship of the Gulf states. As yet, however, many of them regard their stay here, under conditions of discrimination, as temporary and necessary to pile up capital which in the future may be used in the homeland.

As yet the lion's share of demand in the economy of the said countries is being created by the state. And this means that the latter has not succeeded in developing the private sector in order that the latter might, if only partially, be reproduced on its own basis. In the 1970's the predominant role of the state appeared "natural" in connection with the need to create the basic elements of the production and social infrastructure and build major petroleum-refining, petrochemical and base industry sector enterprises. However, the subsequent stage of development, which in the intention of the leaders of these countries was to have led to the stimulation of the role of private capital, failed to produce the anticipated results.

In addition, the decline in export revenues and the economic growth rate in the first half of the 1980's and the need for a cutback in state spending connected therewith showed the entire weakness of the private sector and its extreme dependence on the munificence of the state budget. In principle signs of this weakness had already been seen in the example of the failure of the Suq al-Manakh stock exchange in Kuwait in 1982. The speculative excessive rise in the share price reflected primarily the situation concerning plots of land and real estate. At the same time, however, the actual production of goods and services, labor productivity and other indicators were still at a low level, as a whole. In other words, the Suq al-Manakh was not based on the "real economy". The absence of an adequate evaluation of the stock of private companies and banks led under the crisis conditions to a considerable proportion of financial obligations not being met. This brought many banks to the verge of bankruptcy. Only the intervention of the state in this case rescued the situation. As far as the Suq al-Manakh was concerned, the sharp fall in the share price here reflected primarily the deterioration in the financial position of many of its participants in connection with the fall in the price of real estate and transport tariffs and with other price indicators reflecting "bottlenecks" of the preceding boom. The joint-stock companies found themselves in the traditional "snare"--between the need to pay off current liabilities (securities, credit) and difficulties in realizing nonliquid assets (plots of land, buildings and so forth).

Under the conditions of the pressure of the budget deficit and reduced domestic demand there was a 30-40-percent drop in the price of real estate and a 20-percent reduction in the share price and correspondingly, in investment income in Kuwait in 1984.* Roughly the same situation was observed in Saudi Arabia, where firms lacking big capital are not surviving the reduced prices and profit norms. Company debt not paid to the banks on time amounts to 5 billion Saudi rials.** The banks' demands for the sale of the debtors' assets have encountered the fierce opposition of the latter since with the fall in the price of real estate this means for them big financial losses. The planned reduction in spending of

* INTERNATIONAL HERALD TRIBUNE, 18 April 1985, p 9.

** EUROMONEY, July 1985, P 142.

23 percent planned for 1985 by the Saudi Government, however, is leading to a considerable reduction in state orders profitable to the private firms and, accordingly, making their financial position even worse.

Thus in the first half of the 1980's the financial difficulties which have been encountered by the wealthiest Arab oil-exporting countries have revealed the inadequacy of their chosen development model. The decade of hothouse conditions for private enterprise in these countries has been replaced by a period of the need for it to live through conditions of a lessening of state support, a fall in export revenues and the growth rate of the economy and employment, exhaustion of the field of activity for speculative transactions and such. As a result the emergence of balance of payments deficits and the reduction in petrodollar deposits are exacerbating the problems of their socioeconomic development.

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REVIEW OF U.S. BOOK CRITICIZING SDI

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[V. Lukov review: "American Specialists on the SDI"]

[Text] The monograph in question* is unusual in terms of the makeup of the authors, its content and the part which it is playing in the acute political struggle which has developed in the United States currently around President R. Reagan's SDI. It is perhaps impossible to cite another military program which has been subjected to such serious and cogent criticism by such a number of prominent representatives of America's scientific and military elite. H. Bethe, winner of the Nobel Prize for physics and formerly a leader of the Manhattan Project and member of the U.S. President's Consultative Committee on Science and Technology, Adm N. Gaylor, former director of the NSA, and H. Scoville, former deputy director of the CIA, took part in the writing of the book "The Fallacy of Star Wars," which was published by the Union of Concerned Scientists. It is difficult to suspect the authors of the work, which in less than a year has run into several editions, of incompetence and, even less, disloyalty to the interests of America's ruling class. It is for this reason that their assessments of the prospects and consequences of the realization of the SDI sound particularly convincing today for many Americans.

It is not the first time that the idea of the creation of an "absolute defense"--"a most dangerous combination of reliance on technology and fear induced by ideological motives," as the authors of the book put it--has been examined by the American leadership (p 6). However, "legalized" in the form of the present "strategic defense initiative," this idea acquires a number of fundamentally new features. Among these are primarily its all-embracing nature. The SDI framework unites all prior R&D programs in the ABM sphere. Also new is the fact that now the purpose of all these programs has been declared the creation of all-embracing defenses against ballistic missiles. Finally, the ABM programs have been given a priority nature, which is reflected in the amounts of the allocated budget resources and the accelerated pace of development (p 25).

* "The Fallacy of Star Wars. Based on Studies Conducted by the Union of Concerned Scientists," ed. John Tirman, New York, Vintage Books, 1984 pp XXI + 293.

The apposite question arises: will the United States manage to realize with the aid of the SDI what the White House and the "star wars" devotees from the military-industrial complex environment are declaring--ensuring the reliable protection of the American population against nuclear attack, strengthening strategic stability than's to the switch to defensive strategy and technology, rendering nuclear weapons really useless and effecting the transition to nuclear disarmament?

The specialists of the Union of Concerned Scientists respond to this question in the negative and believe that none of these goals can be achieved. Following the publication of the book the Pentagon hastened to accuse its authors of "bias" and "unwarranted pessimism" in respect of the prospects of the SDI. However, familiarization with the American scientists' work persuades us precisely of the reverse: their conclusions are based on a scrupulous study of present and future S&T developments in the sphere of antimissile defense and an in-depth analysis of the military-strategic and political consequences of the "defense construction" upon which Washington is venturing on a global scale.

The authors convincingly expose one of the principal myths currently being disseminated by the defenders of the SDI in the United States and outside--that this program is designed to ensure the American population's defense against nuclear attack. Even without regard for the inevitable countermeasures the task of the creation of an all-embracing ABM system cannot be effectively accomplished either at the present level of science and technology or that attainable in the foreseeable future. As is clear from the computations and calculations adduced in the book, a whole number of weapons systems intended for the creation of impenetrable antimissile defenses will hardly ever be created at all. Thus the American specialists conclude that "the X-ray laser cannot be an effective ABM weapon" inasmuch as X-ray radiation is incapable of destroying a missile delivery system (p 41). Nor are so-called beam weapons justifying the SDI supporters' hopes: the effect of the atmosphere and the earth's magnetic field will inevitably lead to the dispersion of the stream of neutral particles in the upper strata of the atmosphere even, and this will reduce sharply the probability of the interception of ballistic missiles in the boost phase, when they are most vulnerable and when the number of targets is relatively small (pp 41, 86-89).

The specialists of the Union of Concerned Scientists also question the practicability of the creation of a reliable ABM control system. "The impossibility of the full-scale testing of an ABM system prior to the time when it has to be activated," they observe, "makes the probability of error a most formidable danger. And it is in the system of combat control--in its equipment base, software and algorithms--that this danger is fraught with the most serious consequences," particularly if account is taken of the obvious fact that the most refined modeling of "star wars" will not be able to provide for all the possible countermeasures of a real enemy (pp 147-148).

The "technological optimism" of the official propagandists of SDI and its disciples in the scientific world likening the task of the creation of antimissile defenses to S&T projects accomplished by the United States in the past (the landing of a man on the Moon, for example) is sharply criticized. The authors note not without sarcasm that "these people are seemingly losing sight of the fact that when work on the Apollo program began, we already knew that the

moon was not inhabited by a powerful people intent on frustrating our plan" (p 51). The specialists of the Union of Concerned Scientists warn the leading circles of the United State that "an emphatic response of the USSR (to the creation of an ABM system in the United States--V.L.) is to be expected in the real world. And this response will hardly be contained by any existing agreements inasmuch as the mere fact of the testing of our defensive weapons will represent a violation of the United States' ABM Treaty commitments" (p 42). This warning is highly apposite: the Soviet side has already stated absolutely clearly that in the event of the deployment of American space-based strike systems, the USSR will adopt all the necessary countermeasures.

The work examines in detail the technical feasibility and effectiveness of the whole spectrum of such measures (in particular, the furnishing of submarines with long-range cruise missiles, reduction in the operating time of the ICBM boosters, the launching of decoy missiles, a direct attack on the space-based ABM echelons). As a result the reasonable conclusion follows: "All these countermeasures will be based on types of weapons and designs which are accessible today even, whereas the proposed U.S. defense will depend on untested and extremely complex technology. Ultimately the USSR's retaliatory measures will be cheaper and far more reliable than the defensive systems of the United States, and, furthermore, the first will be available by the time of the appearance of the second" (p 43).

Making a summary appraisal of the possibilities of the creation of an "impenetrable" antimissile defense of the country's territory, the American specialists conclude: "An essential condition of an all-embracing antimissile defense is the existence of a highly efficient system of intercepting missiles in the boost phase. However, the creation of such a system is doomed to fail as a consequence of the limited possibilities of the weapons themselves, insoluble problems of their basing and the whole spectrum of active countermeasures which will be employed by the enemy. All this also dooms to failure intercept systems in the space phase of the missiles' flight trajectory.... Antimissile defense in the final phase (of the trajectory) are totally unsuitable for protecting population centers.... The possibilities of protecting vulnerable targets (cities--V.L.) on the scale of the whole country... are lacking" (p 152). This conclusion, incidentally, should have a sobering effect also on certain West European statesmen and politicians inclined to take seriously Washington's assurances that the United States is capable of providing for the antimissile defense of West Europe.

Thus as a means of strengthening the security of the American nation the "strategic defense initiative" is useless. What, on the other hand, will the real consequences of its implementation be? The authors rightly believe that realization of the SDI will strike a severe blow at strategic stability. After all, as calculations show, an antimissile defense with space-based echelons will itself be highly vulnerable, and its real effectiveness will tell only if the assault of the other side is weakened by a preemptive nuclear attack against its command posts and strategic forces. Besides, an ABM system could be used to inflict "blinding" strikes against satellites performing exceptionally important early warning and communications functions. All these characteristics of an ABM defense, the American specialists believe, could prompt the person possessing it to launch a preventive strike, that is, to totally unprovoked aggression (p 162).

The book's authors are also seriously disturbed by the SDI supporters' arguments that its realization will help to at least "limit" the damage from a retaliatory nuclear strike. "Account should be taken of the close connection between these... functions of an ABM defense and previous declarations of the administration concerning (the possibility of) a nuclear war--a connection which will not go unnoticed by the Soviet Union" (p 167).

Will realization of the SDI permit, as the White House promises, a transition to peace based on defensive strategies? The work answers this question unequivocally in the negative. For the United States itself such a complex ABM system will not inspire sufficient confidence for it to renounce the arsenal of "restraint" (that is, offensive strategic missile forces). And for the potential enemy the American ABM system will inevitably be regarded as a source of serious danger--as a component of a first-strike potential designed to weaken or ward off from the United States entirely a retaliatory strike (p 149).

The specialists of the Union of Concerned Scientists emphasize that "the negative consequences of the realization of ABM programs will be manifested long before the deployment of an antimissile defense" (p 154). The first casualties of the arms race in space being prepared by Washington will be the ABM Limitation Treaty and at the same time all the strategic arms limitation and reduction negotiations. The chain of action and counteraction will lead to the appearance of technical and operational solutions and offensive and defense weapons systems which will sharply complicate or render altogether impossible a mutual calculation of arsenals and an evaluation of their functions and combat efficiency. And without such calculations and evaluations the formulation of any accords will be inconceivable.

We cannot agree with all the propositions of the authors of the book in question. Contrary to the assertions, the Soviet side has never believed and does not now believe that lasting peace may be found on the paths of an arms buildup, whether offensive or defensive. Constructive negotiations on a reduction in and, in the future, the complete liquidation of arms, nuclear particularly, is the sole practicable path toward a sure peace, and Soviet leaders have stated this repeatedly. The attempts made in the monograph to shift part of the responsibility for the arms race which is unfolding in space onto the Soviet Union appear unjustified also. It is well known that it was the USSR which was the initiator of the elaboration and conclusion of the 1967 treaty on space--the first major agreement aimed at preventing the militarization of space. The unilateral moratorium on putting antisatellite weapon systems in space announced by the Soviet side in 1983 also indicates a desire to prevent a dangerous escalation of the arms race.

New evidence of the broadest support for the Soviet approach to problems of preventing an arms race in space were the results of the vote at the UN General Assembly 40th Session on the draft resolution "Prevention of an Arms Race in Space". This important document reflected the main fundamental aims of the USSR's proposal concerning international cooperation in the peaceful conquest of space under the conditions of its nonmilitarization. Only the United States and the pro-American Grenadan regime abstained, setting themselves against 151 of the world's states.

As a whole, despite a number of contentious and sometimes simply erroneous conclusions and assertions, the publication of the Union of Concerned Scientists is an important and very timely study of a burning problem of international security. And it was not at all fortuitous that the Washington administration attempted to complicate the broad international community's familiarization with the book, preventing its inclusion in the American exhibition at the Moscow Book Fair in the fall of 1985. However, such efforts are in vain. The truth about the fallacious "star wars" concepts is becoming the property of peaceable forces worldwide.

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